Postwar Monetary Status

By R. C. LEFFINGWELL

Mr. Leffingwell traces differences in financing techniques between First and Second World Wars, citing the greater currency inflation with a more stable price level in the latter period. Under the relaxation of administrative price controls postwar, because they (1) aggravate the monetary inflation problem; (2) create black markets; (3) stimulate substitution of inferior goods; (4) entail a loss which discredited against efficient producers, undermine competitive enterprise, and burden the budget at all levels; and (5) distort business with ensuing depression. Strongly condemns current proposals to freeze war loans in the commercial banks. Criticizes "reserve-lifting scare-money experiment of 1937" and other manifestations of "tough" monetary management; urges middle-of-road policy, concentrating on avoiding increased money supply and letting interest rates take care of themselves.

President Parkinson, Governor Szymczak, gentlemen of the Economic Club:

I am honored by your President's invitation to speak to the Economic Club. Not only are you more competent than I to discuss the difficult topic assigned to me. And I defer to your greater knowledge of Governor Szymczak. I know well, from my experience long ago, how much the fiscal and monetary authorities hold that is unknown to others. I can only express the opinions, the personal opinions, of an attentive observer.

We are discussing domestic monetary problems tonight. This is not to be a talk about international monetary problems, about the Federal Reserve Board. But we cannot disregard foreign affairs and foreign exchanges. We must have a peaceful and orderly world to trade in.

*An address by Professor Slicher before the United States Chamber of Commerce, Atlantic City, Apr. 30, 1946.

(Continued on page 2398)

The Threat of Inflation

By SUMMER H. SLICHTER

Lamont University Professor, Harvard University

Harvard economist, after pointing out conditions threatening to produce disorderly rise in prices, urges as prerequisites: (1) limiting further increase in demand deposits; (2) controlling government purchases; (3) improving OPA administration; and (4) holding down production costs. Stresses immediate need of increased labor efficiency to offset wage increases, in order to avoid a spiral of price-wage advances, and holds increased production alone cannot be relied upon to prevent such increases. Warns against lowering taxes and pushing expansion of consumer credit. Calls for strong leadership in government.

Between the end of 1939 and 1945 the national product, expressed in current dollars, has doubled; but the volume of money has increased somewhat more than twice as fast. In the last six years the country has acquired almost twice as much cash and demand deposits as in its entire previous history. Never in the history of the country have cash and bank deposits been so abundant in relation to the current production. Furthermore, in the year 1946, the rise in deposits and currency outside of banks was faster than ever—indeed, almost $25 billion in comparison with increases of less than $15 billion in previous years. To the enormous increase in currency and bank deposits should be added a six-fold increase in government securities held by non-bank owners. These securities are virtually equivalent to cash.

About two-thirds of the increase in non-bank holdings of money and government securities represents savings of individuals. Significant is the fact that individuals:

"An address by Professor Slicher before the United States Chamber of Commerce, Atlantic City, Apr. 30, 1946.

(Continued on page 2398)
United Nations Initiates Major Economic and Social Activities

By A. Wilfred May

Six commissions created by Economic and Social Council begin functioning. High hopes are pinned on their non-political aims, although the element of national sovereignty must be recognized as a potential bar to effective action. Security Council gains a breathing-spell on Spain, but will be confronted by Iranian crisis on May 6. Trustee-ship recommended for Palestine by Anglo-American Commission constitutes a potential "U.S. breakthrough.""
Foreign Loans and Exchange Rates
By MELCHIOR PALY

Dr. Palny points out that Anglo-American Loan Agreement implies that U. S. is committed to support of sterling-dollar-exchange rate and the pegging of the pound at present $4.03. Seas difficulty in maintaining sterling's present position, which he holds will not be remedied by the loan since the present dollar-pound rate has no economic foundation and is largely artificial. Says exchange restrictions are essential to a socialist system, and implies that Anglo-American Loan Agreement, which will affect U. S. competition adversely, is in prospect.

The discussion about the British loan of $3.75 billions, hailed as an attempt to try the essentials of the new British debt, is followed by the discussion of the sterling exchange. A very wordy discussion on the dollar-loan is then followed by a discussion on the General Agreement on Customs Tariffs.

Weeds in Your Strong Box

Dear R. S. Lichtenstein:

Your effect of weeds as the kind of plant that you have seen, such as you know them, is that they have been called by several adjectives preceding the word. Conditions change within wide extremes with exceeding rapidity in the United States, and memories are unfrequently short. But, some of you can remember recent extremes. In the late 1880's, some of you will recall the building activity and the methods of financing you were active, a day of the optimist, and the mortality lender and the appraiser moved many optimists among them. At least some loans were made on appraisals, and at least some real estate was sold, on bases that hadn't been validated in the market. This talk, by Mr. Woodward before the Metropolitan Association, New York City, April 29, 1929.

(Continued on page 3394)

More Dealer Expressions on SEC's Proposed New Issue Regulation

We continue in this issue the publishing of views expressed by dealers regarding proposed SEC rule X-15C2-3 (given in full text on page 201 of our April 18 issue), which would forbid underwriters and dealers from making allotments of new security offerings to so-called "insiders," etc. Previous comments by dealers appeared in the "Chronicle" of April 25, starting on page 2318. In giving here with another group of dealer expressions, we reiterate our desire to hear from others interested in the subject, said views to be submitted anonymously. Letters should be addressed to Editor, "Commercial and Financial Chronicle," 23 Park Place, New York 8, N. Y.

In connection with the subject, it may be noted that the National Association of Securities Dealers is believed to be seeking opinions on the proposed rule from its 14 component districts. They are to be forwarded, it is understood, to the association's head office in Washington and the latter is expected to submit a memorandum embodying the composite reactions to the SEC.

Also indicative of the industry's interest in the subject is the fact that the New York Security Dealers' Association's committee on law and interpretation of SEC regulations, the chairman of which is Harry R. Amott, of Amott, Baker & Co., is making a study of the suggested rule. Members of the association's opticals were requested by the late Clarence C. Underberg, of C. E. Underberg & Co., to convey any suggestions they have to Mr. Amott, whose office is at 150 Broadway, New York City.

DEALER NO. 9

Following is text of a letter sent to the SEC by Yarnall & Co., Philadelphia, under date of April 25, a copy of which was furnished to "The Chronicle" by the authors.

Director of Trading and Exchange Division, Securities and Exchange Commission, 18th and Locust Streets, Philadelphia, Pennsylvania. Dear Sir:

We are of the opinion that the enactment of proposed rule X-15C2-3 as outlined in your release No. 3607, dated April 16, 1929, in its attempt to correct certain defects in the area of the few in some recent small issues, will definitely serve to restrict and hamper the major portion of the houses who are attempting to serve the public by distributing securities as an important part of the expansion of American industry. Such punitive rules, aimed toward thwarting the violations of the laws, are unnecessarily burdensome the many, will only represent a penalty on the path of those who will always find a means of circumventing the ethics of any business.

We should like to present our viewpoint as an organization employing 16,000 men. As you well know, none of these salesmen may solicit nor accept an order from a client unless a security has been cleared and a prospectus is available.

(Continued on page 3611)
The Future of Interest Rates

By ROBERT C. EFFINGER

Vice-President, Irving Trust Co., New York

Banks acquire prevailing low interest rates to (1) more money in hands of people than is needed to conduct country’s business; (2) Government easy money policies; (3) competition for loans and investments; and (4) underestimation of credit risks involved. Predicts higher interest rates occasioned by increased fears of inflation would soon be followed by renewed cheap money. Asserts comparison of commercial bank earning power to industrial productivity demonstrates reasonableness of rates on credit supplied by banks.

What lies ahead for interest rates is a matter of greatly concern to the people as a whole, not just those who have funds to lend or who wish to borrow. The subject has been widely discussed and, as usual under such circumstances, many viewpoints have been expressed. However, with a few notable exceptions, material differences of opinion have been confined more to what is desirable than to what is likely to be witnessed.

I have been asked to express my views as to what lies ahead for interest rates. This I will do first, then will discuss briefly the question of rates of interest from the point of view of bank loans and investments and express an opinion as to what I think they should be.

Perhaps the best approach to a discussion of what lies ahead for interest rates is to begin with the factors that explain current rates and then take up those likely to play an important part in determining future rates.

Factors Explaining Current Rates

In my opinion current low levels are due to the fact that there is in the hands of the people the proverbial moneymaker more money than is needed to carry on the business of the country, to the easy money policy of our monetary authorities, to competition for loans and investments among those with money to lend who may prove to be, in many instances, an underestimated of the credit risks involved.

The supply of money in the hands of people is, that is, the total of currency in circulation and bank deposits, exclusive of Interbank and Treasury balances, has increased tremendously in recent years, and it is now apparent that the total is far in excess of the amount needed for business purposes. This is not only so, but the rate of increase in the volume of currency in circulation has been voiced on every hand by expressions of fear of inflation. No acrimonious debate has been more hotly conducted.

An address by Mr. Effinger was delivered at the New York Chamber of Commerce on New York City, April 29, 1949. (Continued on page 289)

GOODBODY & CO.

Members N.Y. Stock Exchange and Other Principal Exchanges
115 Broadway, New York 106 West Adams St, Chicago
Telephone Bârbery 7-0550

GOODBODY & CO.

1ST, Y. Car Research Phila. Assn.


MARKETS; Stock, Bond, Foreign, Insurance, etc.

The Future of Declining Interest Rates

In bullion and "Money Market in Transition," Dean Madden reports improving Treasury position as no longer requiring curbing on charges for capital, for funds, for substantial decline in bank deposits and drop in excess reserves due to Federal debt retirements. He finds there is little likelihood of further Treasury long-term issues.

The decline in long-term money rates has come or soon will come to an end and according to a bullion expert, "the money market in Transition" just is now beginning. Dean John T. Madden, Director of the Institute of International Finance of New York University, stated that the sharp reduction in the deficit of the Treasury since the end of the war has already had a considerable effect upon the money market, the bulletin said. "From July 1, 1941, to the end of 1945, Treasury deficits totaled about $50 billion, whereas in the period that preceded the federalist objectives of monetary policy the Treasury was able to meet the sale of a large amount of Government securities at a high price. At the beginning of 1946 the Treasury is still selling at a low price, but the amount of securities sold is much smaller than in previous years." (Continued on page 25)

GALVIN MANUFACTURING CO. 120 BROADWAY, N. Y. 5

Erector 2-8700

Enlarged office at 120 Broadway, N. Y. 5

WARD & CO. 135-137, 139, 141

Member N.Y. Stock Dossers Assoo

128 BROADWAY, N. Y. 5

DOW, Nov. 1-1370-1393

75 1/2-1500

Ward & Co.


dated for FRASER

http://fraser.stlouisfed.org
Effect of Large Bank Deposits And Currency on Inflation

By RAYMOND RODGERS
Professor of latest University

Asserting drastic inflation, and not merely a fractional increase in prices is the greatest economic catastrophe which can befall a nation, Dr. Rodgers holds our problem of averting wild inflation can be settled in three ways: (1) decision to hold rather than spend liquid funds; and (2) increase in supply of goods. Contending conditions in American situation differ from those that existed in other countries experiencing inflation and recent trends indicate future currency stability.

First, let me make it clear that I do not represent any particular segment of the body politic. While I shall discuss the inflationary pressures as rendered by the volume of bank deposits and other current purchases of power created by wartime expenditures, I am not a banker and do not represent the banks.

Instead of advocating a particular course of action, I shall confine myself to elucidation of the problem and an attempt to draw, for your guidance, some logical conclusions as to future developments.

Socrates, more than 2000 years ago, first mentioned inflation before discussion you should “Define your terms.” Such services is indeed rudimentary with respect to any consideration of inflation. So, before going any further, I mean the word inflation as I shall use it, it will be explained, because in everyday usage it means all things to all men. Basically, the word means an increase, and in economic usage it generally signifies a sharp increase with reference to other economic valuations. There are as many kinds of inflation as there are things. Thus, there can be inflation of goods, inflation, price inflation, wage inflation, price inflation, etc. Any of these may be very serious (even disastrous) to the economic well-being of a country. But, since most people mean price inflation when they use the word “inflation,” it will be used by me in the following sense: a very sharp and economically undesirable increase in prices of consumption or services. Furthermore, if considered the spiral of prices and a wild, uncontrolled curve for goods characterize real honest-to-goodness inflation. As everyone knows, it is one of the greatest economic catastrophes which can befall a nation.

So, when an economist uses the term inflation, he means the term inflation, be it by necessity and not just a 5 or 10% increase in prices. In recent years there has been a great deal of concern, lives talking about inflation, that the idea has become commonplace within inflation, which I shall use it, is explained, because in everyday usage it means all things to all men.

Streamlining the Gold-Coin Standard

By WALTER E. SPARH
Professor of Economics, New York University
Secretary-Treasurer, Economists’ National Committee on Monetary Policy

Dr. Sparh points out that there are various ways in which problem of gold hoarding under a gold standard might be solved. Contends that despite the subsection of gold standard to human abuse, it is the “best standard which mankind has thus far evolved and it is the most potent weapon of the people in fight against totalitarianism.

If a nation adopted a gold-coin standard with gold accessible to all who may desire it, the problem of hoarding under conditions of financial panic arises.

Arrangements can and should be made to meet the problem of such panic hoarding, just as fire escapes are provided to take care of the abnormal thaw upon which in many times an adequate and proper supply of elevators and stairs. A metallic monetary standard is like any other economic instrumentality of value—it is scarce. Since scarcity is a requisite of value, it follows that there is not enough of it being lost than has value. Therefore the heavy-demand character of the gold standard is not workable, or in not workable under all conditions. Because there is not enough to go around, does not rest upon defendable ground.

There is enough only of those things that have no value. Germany put this simple economic fact to a thorough test when she printed enough inconvertible paper money. When the people had enough, the marks had no value.

Irrespective of how good a monetary standard (and system) may be, fire escapes are needed to meet abnormal or panic loads which may be thrown upon it. Monetary escapes for metallic monetary standards have not been, nor they may be adequate, there is much room for development. This is an aspect of providing a good monetary standard and system that deserves

*Excerpt from an address by Dr. Spahr before the Bank Management Conference, New Haven, Conn., April 25, 1948.

(Continued on page 2397)

Direct Private Wire Service

COAST-TO-COAST

New York - Chicago - St. Louis - Kansas City - Los Angeles

STRAUSS BROS.

Members New York Security Dealers, Inc.
32 Broadway
NEW YORK 4, N. Y.

Board of Trade Bldg.
CHICAGO 4

Hannover House
Hartford, Conn.

Teletype CG 129

White & Company
ST. LOUIS

Baum, Bernheimer Co.
KANSAS CITY

Pledger & Company, Inc.
LOS ANGELES

Hood Chemical Co., Inc.

Common Stock
Bought — Sold — Quoted

HOLT ROSE & TROTTER

SPECIALIZED 1916

74 Trinity Place, New York 6, N. Y.
Telephone: BOWLING Green 9-7400

Teletype: NEW YORK 1-1721 & NEW YORK 1-7371

Old Colony Railroad, Common


St. Louis & San Francisco, old common and preferred

To Bought — Sold — Quoted

FREDERIC H. HATCH & GO, INC.

Established 1888

MEMBERS NEW YORK SECURITY DEALERS ASSOCIATION

63 Wall Street, New York 5, N. Y.

Bell Teletype N.Y. 1-607

Bank of Montreal
Bank of Nova Scotia
Canadian Bank of Commerce
Dominion Bank
Imperial Bank of Canada

Canadian National Corp.
Associated Banks

Brown Company, Com. & Pfd.
Bulolo Gold Dredging
Canadian Pacific Lr

Canadian Western Lumber

Electrolysis

Famous Players Canadian Corp.
Hydro-Electric Securities Corp.

International Utilities

Upstate Banking

Minnesota & Ontario Paper Co.
Noranda Mines
Pond Oreille Mines
Sheriff Gordon Mines

Coal Rock Iron Mines

Sun Life Assurance

Tuck Hughes Mines

HART SMITH & CO.

21 WILLIAM ST. N. Y. 2 & BOSTON 528

Hart Teletype N.Y. 0-18

New York Montreal Toronto

ANDERSON Pritchard

DU MONT ELECTRIC

Higgins, Inc.

PUBLISHER INDUSTRIES

REGAL SHOE COMPANY

Bought—Sold—Quoted

Prospectus on Request

J. F. Reilly & Co., Inc.

40 Exchange Pl., New York 5

S. E. Gildens, 54-56-58-60 State St.

380 La Salle St., Chicago 3

Baldwin, E. D.

Private Wire: Bristol—18th Street, Chicago Los Angeles New York

Punta Alegra

Sugar Corp.

Quotations Upon Request

FARR & CO., INC.

Members New York Stock Exchange

210 Wall St., New York 3

120 Wall St., New York 3

Bell Teletype: 3-2 1172
Lord Keynes' Legacy

By PAUL EINZIG

London observer holds that because of sudden death of Lord Keynes the prestige of his doctrines will be greatly enhanced, and that increased political support will be gained for acceptance by British of the Anglo-French financial agreement. Sees "irreverence" in future attacks by Keynes' opponents; but says both opponents and followers of the great economist will quote his conflicting views.

LONDON, Eng.—The sudden death of Lord Keynes has produced a very profound impression in this country. Had it occurred six months earlier, it would almost certainly have brought Washington financial negotiations to a deadlock; for nothing less than the utmost pressure exerted by a man of his immense authority could have induced the Government to accept terms so contrary to its own fundamental policy. In the bitter controversy aroused by the acceptance of those terms, the majority opinion of the agreement by Lord Keynes in a speech in the House of Lords provided a powerful support to Government speakers who were far from convincing, for the simple reason that they were far from convinced. Such was Lord Keynes' authority that the large majority of members of Parliament, Government officials, and the intelligent public took some such line: "This matter is far too complicated for me to form an opinion; therefore I second Lord (Continued on page 2411)

Sport Products, Inc.

Circular on request

HARDY & HARDY

11 Broadway, New York 4, N. Y.

Teltype NY 1-646

PACIFIC COAST

HAWAIIAN SECURITIES

Direct Private Wires

DEAN WITTER & CO.

NEW YORK STOCK EXCHANGE

SAN FRANCISCO STOCK EXCHANGE

14 WALL STREET, NEW YORK

SACRAMENTO STOCK EXCHANGE

SAN FRANCISCO

BONOLAND

HARDY & HARDY

MERCHANTS DISTILLING

COMMON STOCK

Producers of "Southern Comfort," whiskies & spirits

PRICE $29 PER SHARE

Latest Dividend, 50 cents, paid March 1, 1946.

Blair F. Claybaugh & Co.

Members Pittsburgh Stock Exchange

72 WALL ST., NEW YORK 5, N. Y.

WHITEHALL 1-0509

Tel. NY 1-2178

Harrisburg-Pittsburgh-Syracuse-Miami Beach

SEMINOLE OIL & GAS CORP.

A Producing Company

PROSPECTUS ON REQUEST

F. H. KOLLER & CO., Inc.

Members N. Y. Security Dealers Ass'n

111 BROADWAY, NEW YORK 6, N. Y.

Barclay 7-0570

NY 1-1026

Thermatomic Carbon Co.

COMMON STOCK

DIVIDEND RECORD

1936 — $12.00

1940 — $20.00

1942 — $12.00

1937 — $10.00

1938 — $10.00

1939 — $8.00

1940 to date — $4.00

at current rate of $16 per annum

Yield over 7% Circular on request

HORR, ROSE & TROSTER

ESTABLISHED 1816

74 Trinity Place, New York 6, N. Y.

Telephone: Bowline Green 7-7400

NY 1-275 & NY 1-2751

Standard Gas Equipment

Common

20,727 & 62/100 shares outstanding

Earned about $2,000 share

Bank $500-Sold

Price per share

Nathan Strauss-Duparquet

Convertible Preferred

George A. Rogers & Co., Inc.

17 Montgomery St, Jersey City, N. J.

62 Broadway, New York, N. Y.

Steep Rock Iron Mines, Ltd.

Clayton Silver Mines

Clayton Western Lamp Co., Ltd.

H. D. Knox & Co.

Richmond Cedar Works

Canadian Piper Sands Ltd.

Hazardous Cement

American Felt Co.

Linn Coal & Truck Corp.

Common Stock

Boiled — Sold — Quoted

R. G. ILSLEY & CO.

Member of National Association of Securities Dealers, Inc.

64 Wall Street, New York 5

Hawes 2-1140

Espresso Aereo

Espresso Aereo

Kimmy Coastal Oil

Equity Oil

Utah Southern Oil

*Convertible preferred

JAMES M. TOOLAN & CO.

67 Wall Street, New York 5

Telephone Hawes 2-8335

Render a brokerage service in all Unlisted Securities for Banks and Dealers.

Worldwide Investment Expected
For World Bank Bonds

By ERNEST H. WEINWURM

Specialist in international financial affairs points out that worldwide market is likely to develop for World Bank obligations because of their use as secondary foreign exchange reserves. Says bonds will represent a ready reserve of dollar exchange, and that they will be acquired for this purpose by all debtor countries. Holders of central banks will also hold World Bank bonds as reserves, because of their ready and worldwide marketability.

The new and intricate problems connected with the fluctuations of bonds by the International Bank for Reconstruction and Development have been given considerable attention over the last few months.

Writers are in general agreement that the main burden of absorbing those bonds will fall upon this country in view of the fact that hardly any other country can accept, this country, except perhaps Canada, will have to embark upon any large-scale export of capital. Considerable difficulties are foreseen in developing a domestic market broad enough to handle the issues. The bank is expected to float within the next few years.

International Securities as Liquidity Reserves

The use of securities as a means of moving funds between countries has been practiced for a long time but it became particularly important during the inter-war period.

Securities with a broad market in several countries can be bought in one country and sold in another; such securities are later used to market fluctuations but, on the other hand, they also make the considerate interest while bank deposits receive very little interest.

The broader the market of a particular bond or stock issue and the greater the number of markets in different countries where it is traded, the more will it serve the function of a liquid reserve of international funds. The greater will be the probability that price fluctuations will be held within narrow margins and thus will not materially impede these transactions.

The Role of World Bank Bonds

Obviously, World Bank bonds should be particularly suited to perform the purposes of such an international reserve. They probably will have the broadest market.

An excellent and comprehensive study of their problems has been published by Henry C. Wallich in the Harvard Business Review Winter Number 1946. For a more recent discussion see the April, 1947, issue of the Federal Reserve Bulletin.

(Continued on page 2775)

Richmond Cedar Works

Tennessse Products

Victoria Gypsum

American Vitrified Products

Washington Properties

Commodore Hotel

North of

Nazarahl Cememt

American Felt Co.

H. D. KNOX & CO.

11 Broadway, N. Y. 7

25 So. St., Boston 9

Tel. Daily 6-2151

Tel. Capitol 8380

New York 6, N. Y.

Established 1908

S. WEITZ & CO., Inc.

Members N. Y. Security Dealers Ass'n

60 Wall Street

Telephone

New York 6, N. Y.

2-2938

Bell Tel. New York 1-1760
"Let's Be American About Reconversion"  
By HON. KENNETH S. WHERRY  
U.S. Senator from Nebraska

Laying confusion in Government and business to an overgrown Federal bureaucracy, Senator Wherry asserts those in high places aim at achieving "regimented chaos." Foresees awakening of spirit of American people and demand for return of representative Government. Says communism today is "big politics," and never before has American business been subjected to such wrongful and concerted attacks by a propaganda machine operated by Washington to recruit occults under communist influence. Urges removal of war controls and reverts to business use to influence widely to combat their continuation.

My duties as Whip of the Minority Party in the United States Senate identify me as a Republican. I am a Scotch Presbyterian and an orthodox Republican. But may also make this clear at the outset, I shall depart from the usual custom of a politician announcing a non-partisan Republican speech.

I don't suppose you folks believe me... at least ever analyzed a non-partisan Republican speech. Well, I'll explain what it is. In a partisan Republican speech we say everything good about the Republicans and everything bad about the Democrats. But in a non-partisan Republican speech we just don't say anything bad about the Republicans and nothing good about the Democrats. Seriously, so grave is this confusion in which we now find ourselves, that no person should make political capital out of the distress of his fellow beings at home or abroad.

The problem of winning the peace the problem of reconversion the problem of keeping this nation out of the hate of communists and other alien ideologies and of keeping our American system of Constitutional government, free enterprise and free society, functioning, all are non-partisan problems which call for the most earnest thought and efforts on the part of every citizen.

An address by Senator Wherry before the American Trade Association Executives, Atlantic City, April 24, 1946. (Continued on page 2368)

PUBLIC UTILITY PREFERENCES

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Conoco Electric &amp; Gas</td>
<td>Northeastern States Power</td>
</tr>
<tr>
<td>Green Mountain Power</td>
<td>Northern States Power</td>
</tr>
<tr>
<td>Illinois Power</td>
<td>Pacific Power &amp; Light</td>
</tr>
<tr>
<td>Kings County Lighting</td>
<td>Pennsylvania Edison</td>
</tr>
<tr>
<td>Nueces &amp; South Carolina</td>
<td>United Public Utilities</td>
</tr>
<tr>
<td>Public Service</td>
<td></td>
</tr>
<tr>
<td>New England Pub Service</td>
<td></td>
</tr>
<tr>
<td>Pennsylvania Electric &amp; Gas</td>
<td></td>
</tr>
<tr>
<td>Public Utility Service</td>
<td></td>
</tr>
</tbody>
</table>

G. A. Saxon & Co., Inc.  
70 Pine Street, New York, N. Y.  
Teletype 4-1970

"IDEAS FOR DEALERS"  
Kaiser & Co.

"IN THE MAY ISSUE:"  
| The Expertum Company       |
| Boat and Aircraft Company  |
| Oldsmobile Company         |
| Tricota, Incorporated      |
| Steamship Stocks           |


Circular on request

Pulis, Dowling & Co.

Members New York Stock Exchange  
25 Broad Street, New York 4  
Hannover 2-3829

AXELSON MFG. CO.

Engineers Report on request

BOUGHT • SOLD • QUOTED

K. 9.

Furnished by

The World's Finest

J. A. H. WARNER & CO.

120 Broadway  
New York 5

29 Dearborn St., Boston 9

"ACTIVE"  
INDUSTRIAL STOCKS

<table>
<thead>
<tr>
<th>PRIMARY TRADING MARKETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace &amp; Diesel Equip.</td>
</tr>
<tr>
<td>Aircraft Manufacturing</td>
</tr>
<tr>
<td>Bagdad Copper</td>
</tr>
<tr>
<td>Beneficial Corporation</td>
</tr>
<tr>
<td>Bond, Inc.</td>
</tr>
<tr>
<td>Consolidated Rock Products</td>
</tr>
<tr>
<td>Cuba Company</td>
</tr>
<tr>
<td>Electric &amp; General Aviation Equipment</td>
</tr>
<tr>
<td>Giant Portland Cement</td>
</tr>
<tr>
<td>All other traded</td>
</tr>
</tbody>
</table>

| "Globe Aircraft"          |
| "Elgin"                   |
| "Kellett Aircraft"        |
| "Kingsa & Co."            |
| "Lovato"                  |
| "Majestic Radio & Tel."   |
| "Petroleum Heat & Power"  |
| "H. K. Porter Co."        |
| "Ponsettia"               |
| "Seneca Falls Machine Co."|
| "Viscana Sugar Co."       |

"Proforma upon request.

"Short Private Treaty between New York and New Jersey suspended.

"J. A. H. WARNER & CO.

120 Broadway  
New York 5

29 Dearborn St., Boston 9

315 Broad St., Chicago 2

Tel. 7-5000

Tel. 5-1211

Tel. 2-8829

Tel. 5-5606

"Philippine Mining Stocks

Atock
Balatac Mining
Benguet Cons. Mines
Big Wedge Mining
Mindanao Lander Lode

Quotations and information Furnished on Request

JOHN J. O'KANE JR. & CO.

Established 1922

Members New York Stock Exchange
42 Broadway, New York

4-6210

Telype 1-4300

Telype 1-1300

"We have a continuing interest in all issues of subscription.

RIGHTS

Josephthal & Co.

Members New York Stock Exchange  
New York City Bar Association

120 Broadway, New York 5  
Telephone: River 2-1260

18 Congress St., Boston 9  
Telephone: Lafayette 4-628

Philippine Mining Stocks

Atock
Balatac Mining
Benguet Cons. Mines
Big Wedge Mining
Mindanao Lander Lode

Quotations and information Furnished on Request

JOHN J. O'KANE JR. & CO.

Established 1922

Members New York Stock Exchange
42 Broadway, New York

4-6210

Telype 1-4300

Telype 1-1300
J. F. Reilly Opens Office in Boston

BOSTON, MASS.—J. F. Reilly & Co., New York investment firm, will open an office at 68 Devonshire Street, Associated with the new branch will be John B. Russell, formerly with Mayern & Gannon. J. F. Reilly & Co. recently opened a branch office in Chicago.

BOSTON

Eastern Racing Assoc.

Suffolk Downs, Mass.

Monmouth Park Jockey Club

Ocean Side, N. J.

New Hampshire Jockey Club

Rochambeau, N. H.

Bought-Sold

Inquiries invited

du Pont, Homsey Co.

31 MILK STREET

BOSTON 9, MASS.

H. N. & S. 8000

Teletype SS 414

N. Y. Telephone Cal 6-8100

TRADING MARKETS

Bangor Hydro Electric

Boston Edison

Hollingsworth & Whitney

Megowan-Educator Food Co.

New England Lime

Submarine Signal

Dayton Haigey & Company

75 Federal Street, Boston 10

Private New York Telephone

Rector 2-5035

DES MOINES

WHEELOCK & CUMMINS

(Continued)

Iowa Power & Light Co.

Chicago & Alton Gas & Electric Co.

Equitable Building

236 Genesee St., Utica 2, N. Y.

Tel. 4-3195-6-7

TELEPHONE: 1514


deceived evidence continues to point to the fact that such factors are proceeding as an integral part of the accelerating pace. Farm products, building materials by and textiles are currently showing the largest advances. Fruit prices are rising sharply and will increase further after the cool weather settlement. Metals and other basic materials are on the verge of a sharp rise. Freight rates are almost surely to be adjusted upward following the wage increases to railroad workers. All this can hardly fail to bring a further marked deterioration of the purchasing power of the dollar. Inflation is no longer the threat that it has been these many years—it is now stark reality. The very means of inflation to cash under these circumstances is rather improbable, I say simply.

Impotent Vs. Potent Factors

Present depressing factors involving present price levels difficulties are purely transitory in nature; they are rendered relatively impotent by such basic underlying factors as: (1) deterioration in purchasing power of the dollar, (2) continuation of the abundant and easy money policy, and (3) the certainty of an industrial boom of unprecedented peace-time proportions.

Inflationary factors have by no means been retarded or even arrested temporarily. All available

The Coal Strike

Principal factor in checking a broad and perhaps aggressive demand for equities is the coal strike.

(publication date: Thursday, May 2, 1946)

Public Utility Securities

Scranton Electric

American Gas & Electric is expected to receive a clean bill of health from the Federal Power Commission. As soon as it disposed of its two outstanding properties, Scranton Electric and Atlantic City Electric, the holding company will be able to fit into the geographical pattern of the main group. Both companies have enjoyed the traditionally sound and efficient management of American Gas. Scranton Electric common stock, which has been current-

The Stock Market Outlook

By G. Y. BILLARD

Partner, J. E. Williston & Co.

Market analyst sees inflationary factors proceeding at an accelerated and ever-broadening pace. Holds coal strike inflationary for the long run.

Baltimore

Bayway Terminal

Davis Coal & Coke

Emerson Drug

Monumental Radio

Noxema Chemical

STEIN BROS. & BOYCE

Members New York & Baltimore Stock Exchange and over 125 other exchanges

8 & CALVET ST., BALTIMORE 2

New York Telephone Erect 2-1077

STIX & CO.

INVESTMENT SECURITIES

601 OLYMPIC STREET

ST LUIS 1, Mo.

Members St. Louis Stock Exchange

Grande Rapids

Michigan Markets

ACURATE

DEPENDABLE

Inquiries Invited

WHITE, NOBLE & Co.

Members Detroit Stock Exchange

GRAND RAPIDS 2

Michigan Central Station

Phone 1434

Teletype GR 144

LOUISVILLE

American Air Filter

American Bldg. 2391

Girdler Corporation

Merchandising Distilling Co.

Louisville Gas Pref.

Winn & Lovett Grocery

THE BANKERS BOND CO.

Equitable Building

110 Main St., Louisville 2, Kentucky

Long Distance 230-6

Tell Tel. 16 146

MOHAWK INVESTING COMPANY

328 Genesee St., Utica 2, N. Y.

Tel. 4-3195-6-7

Telex UT 16

Southwestern Public Service

Common

Southwestern Electric Service

Common

Texas Public Service

Common

Puget Sound Power & Light

Common

PAINE, WEBBER, JACKSON & CURTIS

Established 1879

We are pleased to announce that

Mr. Samuel Gronick

has been admitted

as a general partner

GILBERT J. POSTLEY & CO.

20 BROADWAY, NEW YORK 6, N. Y.
Silver Senators Score
Another Touchdown

By HERBERT M. BRATTER

Correspondent calls attention to past and present activities of silver advocates in "doing something for silver," and attributes their recent successes to lack of organized opposition. The silver interests have been forcing higher prices for their metal and their opposition to pending Green Bill, providing for sale of silver to industrial users, is due to aim at silver price back to $2.29 per ounce.

The so-called "compromise" in the Senate—the mine owners talk of the other interested parties in the Senate, which is another demonstration of how the silver bloc well-organized and generally supported by any determining group again and again, and again, and again, and....

Herbert M. Bratter

Proposed Amendments to Silver Purchase Act

Subcommittee of Senate Appropriations Committee approves an amendment to H.R. 5452 which would lower seigniorage on silver dollar to 30% until June 30, 1949, and provides that thereafter standard silver dollars minted from newly mined silver in U.S. shall be "at full monetary value."

WASHINGTON, May 1—A subcommittee of the Senate Appropriations Committee approved on May 30 a change in the seigniorage charge on the coinage of silver to 30%, until June 30, 1949, and, on and after July 1, 1949, the coinage of standard silver dollars from silver newly mined in the United States at "full monetary value." (I.e. $2.29 an ounce.) for deduction for labor and transportation. The Amendment, which was introduced as a rider to the Treasury Appropriations Bill, which is pending in the Senate, as the Secretary of the Treasury may determine, has the effect of securing a free coinage of newly mined silver. The amendment provides for the coinage of silver for domestic manufacturing purposes at a price of not less than $2.93 per ounce, and removes maximum prices on silver bullion and silver scrap.

Following the April 30 meeting, Senator Green of Idaho, who is also the author of the Green Bill to permit sale of silver by Treasury issued, is said to have said, "I voted in favor of the compromise in the sub-committee and shall vote in favor of it in the Senate this afternoon. I am waging my way committing myself to any further action or inaction in connection with other legislation. In connection with such legislation, I remain free of act as though this item has never been acted upon." At present, so other silver legislation is pending before Congress.

The text of the proposed amendment is as follows:

"Further action in connection with other legislation. In connection with such legislation, I remain free of action as though this item has never been acted upon." At present, so other silver legislation is pending before Congress.

The passage of italicized text was included in proposed amendment on April 30. The passages in bold face were deleted on April 30.

(Coasted on page 2367)

Recent World Bank and Fund Developments


WASHINGTON, May 1—At a conference held in Washington to discuss the qualifications of candidates for executive director of the Fund and Bank, will be unable to be in Washington for the opening meetings of the executive director and has appointed his alternative for the purpose.

The Netherlands alternate executive director of the Fund will be Mr. William H. Bratter, Financial Advisor to the Netherlands Indian Government, who was in Amsterdam in March. Mr. Bratter was not able to be in Washington for the opening meetings of the executive director and has appointed his alternative for the purpose.

The Netherlands alternate executive director of the Fund will be Mr. William H. Bratter, Financial Advisor to the Netherlands Indian Government, who was in Amsterdam in March. Mr. Bratter was not able to be in Washington for the opening meetings of the executive director and has appointed his alternative for the purpose.

Washington, D.C.—The Netherlands alternate executive director of the Fund will be Mr. William H. Bratter, Financial Advisor to the Netherlands Indian Government, who was in Amsterdam in March. Mr. Bratter was not able to be in Washington for the opening meetings of the executive director and has appointed his alternative for the purpose.

Walter Mond, the Netherlands alternate executive director of the Fund, who is in Amsterdam, has been appointed by the Netherlands Government to be the new executive director of the Fund.

We are pleased to announce that

MILES BURGESS
(Formerly Vice Pres., Durlacher Corp., Inc.)

has joined our firm and will represent us in the San Francisco-Oakland Bay area and the Northwest

Danforth Field Company on 31 Montgomery St. - San Francisco 4, Cal.

M. M. M. Smith, French expert on the World Bank, has been appointed to be the Netherlands alternate executive director of the Fund, Mr. Bratter, the Netherlands alternate executive director of the Fund, has been appointed by the Netherlands Government to be the new executive director of the Fund, and Mr. Bratter, the Netherlands alternate executive director of the Fund, has been appointed by the Netherlands Government to be the new executive director of the Fund.

We are pleased to announce that

Miles Burgess
(Formerly Vice Pres., Durlacher Corp., Inc.)

has joined our firm and will represent us in the San Francisco-Oakland Bay area and the Northwest.

Danforth Field Company
31 Montgomery St. - San Francisco 4, Cal.

May 1, 1946

Walters Mond, the Netherlands alternate executive director of the Fund, who is in Amsterdam, has been appointed by the Netherlands Government to be the new executive director of the Fund.

We are pleased to announce that

Miles Burgess
(Formerly Vice Pres., Durlacher Corp., Inc.)

has joined our firm and will represent us in the San Francisco-Oakland Bay area and the Northwest.

Danforth Field Company
31 Montgomery St. - San Francisco 4, Cal.

May 1, 1946
Dealer-Broker Investment Recommendations and Literature

It is understood that the firm mentioned will be pleased to receive interested parties the following literature:


- Preferred Stock Guide—Comparative figures on preferred and common public utility stocks—G. A. Sixton & Co., Inc., 70 Pine Street, New York 6, N. Y.

- Valuation and Appraisal of Railroad Equipment Certificates and City of Philadelphia Bonds

- American Thompson 

- American Forging and Sockets—Circular—De Young, Larson 

- American Insurance Company—Limited analysis of Mutual Legg & Company, 22 Light Street, Baltimore 3, Md.

- Also available are memoranda of American City and Southern Companies, Baltimore American Insurance Company, Fidelity & Casualty Fire Corporation, Glen Falls Insurance Corporation, New York Accident Company, National Distilled Starch Company, United States States Guarantee Company.

- American Phenolic Corporation—Memo on current developments in the phenolic field, 30 Exchange Place, New York 5, N. Y. Also available is a memorandum on International Distillers Corporation.

- Canadian Western Lumber Co., Ltd.—Special circular—Accident to C. I.—Mather & Hubbard, 62 William Street, New York 5, N. Y.


- Chicago South Shore & South Bend R. R. Receives Bulletin, 135 South La Salle Street, Chicago 3, Ill.

- Economist—Descriptive circular—Economy Life Insurance Co., 10 Whitehall Street, New York 5, N. Y.

- Grinnell Corp.—Memorandum—Bohn & Co., 1608 Walnut Street, Philadelphia 3, Pa.

- Hammond Instrument Co.—Analysis—Cawley & Company, 65 South La Salle Street, Chicago 3, Ill.

- Hart, Schaffner & Marx—Study of leading manufacturer and seller of suits and coats, Hents & Co., 60 Beaver Street, New York 4, N. Y.

- Also available is a circular of research comment on several issues reported currently of interest.

- Commodore Hotel, Inc.—Statistical memorandum—Amott, Baker & Co., 150 Broadway, New York 6, N. Y.

- Consolidated Gas Utilities and The Chicago Corp.—Circulars—Frisch & Price, 231 So. La Salle Street, Chicago 4, Ill.

- Large volume of special memoranda on Great American Industries; American Smelting & Refining Company, Chicago 4, Ill. Special volume available in limited numbers on

- "Direct Private Market Stock Analysis"—Chicago Board of Trade


- "Kohl-Holder Corporation"—Profile—Bell & Co., 25 Broad Street, New York 4, N. Y.

- "The Lo Corporation"—Study of companies dealing in heavy engineering equipment and machinery

- "Mather & Co.," 231 So. La Salle Street, Chicago 4, Ill.

- "U.S. Government Savings Bonds"—Savings Bonds being sold in quantity to the public

- "United States Steel Corporation"—Circular on interesting prospects—Eisler, King, Lubar, Stout & Co., 56 Broadway, New York 6, N. Y.

- "McKee Brothers Corporation"—Circular on interesting prospects—Eisler, King, Lubar, Stout & Co., 56 Broadway, New York 6, N. Y.

- Merchants Distilling Corporation—Inasmuch as rights are to adhere to the holders of the outstanding capital stock for registration statement filed, Dowling & Co. to their descriptive circular on Merchants Distilling Corporation, distillers of whiskies and spirits and producers of the familiar "Kawahine" brand, been prepared by Blair F. Clay

- "Western Union"—Circular—Amos, 1921

- "Midland Utilities Company and Midland Realization Company"—Current memorandum and bulletin sheet—Deyl, O'Connor & Co., 175 South La Salle Street, Chicago 3, Ill.

- Millers Manufacturing Co.—Circular—On current developments in the poultry business, 231 South La Salle Street, Chicago 3, Ill.


- "National Gas & Electric Corp."—Late memorandum on a stock offering containing a report of improvements in utility income, together with exclusive speculative possibilities from developments—Fred W. Faireman & Co., 208 South La Salle Street, Chicago 4, Ill.


- "Norton Pacific vs. New York Central & Hickey"—49 Wall Street, New York 5, N. Y.

- "Oil Exploration Company"—Memorandum—War & Co., 120 Broadway, New York 6, N. Y.

- Panama Canal Co.—Circular on interesting possibilities—Hall, Rose & Troester, 74 Trinity Place, New York 6, N. Y.

- Schenley Distillers Corporation—Circular on interesting possibilities they have been running in the Chronicle—write to Mark Meric, in care of Schenley Distillers Corporation, Fifth Avenue, New York 1, Mass.

- "Shelton Manufacturing Corp."—Recent report—Mercer, McDowell 

- Simplex Paper Co.—Descriptive analysis discussion potential possibilities as to the benefits to the company from the automobile, building, and frozen food industries—Bennett & Co., 145 State Street, Boston 9, Mass.


- "Sports Products, Inc."—Circular—Hardy & Harris, 11 Broadway, New York 4, N. Y.


- Thermatic Carbon Co.—Circular—Hoist, Rose & Troester, 74 Trinity Place, New York 6, N. Y.

- Universal Zonolite Insulation Analysis—Cashwell & Co., 120 South La Salle Street, Chicago 3, Ill.

- "Commonwealth Inv. Co. Forming in Chicago"—CHICAGO, ILL.—Commonwealth Inv. Co. will open offices in the Board of Trade Building and will deal in the securities business. Officers are Edward E. Lipman and Earl W. Tate, secretary and treasurer. Mr. Miller was formerly President of the Commercial National Bank in Watertown, Ohio, for the past two and one-half years, he has been with the payroll" Savings Division of the Treasury. Mr. Tate was formerly with Harris, Roberts & Co. of Chicago and at present is with the Harris, Brinton & Co. of Chicago. 

- "Commonwealth Inv. Co. Forming in Chicago"—CHICAGO, ILL. —Commonwealth Inv. Co. will open offices in the Board of Trade Building and will deal in the securities business. Officers are Edward E. Lipman and Earl W. Tate, secretary and treasurer. Mr. Miller was formerly President of the Commercial National Bank in Watertown, Ohio, for the past two and one-half years, he has been with the payroll Savings Division of the Treasury. Mr. Tate was formerly with Harris, Roberts & Co. of Chicago and at present is with the Harris, Brinton & Co. of Chicago.

- "Commonwealth Inv. Co. Forming in Chicago"—CHICAGO, ILL. —Commonwealth Inv. Co. will open offices in the Board of Trade Building and will deal in the securities business. Officers are Edward E. Lipman and Earl W. Tate, secretary and treasurer. Mr. Miller was formerly President of the Commercial National Bank in Watertown, Ohio, for the past two and one-half years, he has been with the payroll Savings Division of the Treasury. Mr. Tate was formerly with Harris, Roberts & Co. of Chicago and at present is with the Harris, Brinton & Co. of Chicago.

- "Commonwealth Inv. Co. Forming in Chicago"—CHICAGO, ILL. —Commonwealth Inv. Co. will open offices in the Board of Trade Building and will deal in the securities business. Officers are Edward E. Lipman and Earl W. Tate, secretary and treasurer. Mr. Miller was formerly President of the Commercial National Bank in Watertown, Ohio, for the past two and one-half years, he has been with the payroll Savings Division of the Treasury. Mr. Tate was formerly with Harris, Roberts & Co. of Chicago and at present is with the Harris, Brinton & Co. of Chicago.
Dangers of Government
Foreign Lending

By JON. ROBERT A. TAFT
U. S. Senator from Ohio

Warning that “we cannot afford to support rest of world,” leading Republican reviews previous Treasury outlays on foreign behalf and contends if continued, would be “economically and politically disastrous.” Nevertheless, legislation limiting aid to Western Europe is not likely to be passed, but, instead, foster international ill-will. Contends foreign loans are highly inflationary, and will finally cause serious conflagration. A complete abstraction on Anglo-American Loan Agreement gives U. S. anything of value. Although maintaining Britain is not in serious financial condition, favors an outright grant of $10,000,000,000 in lieu of loan of $35,000,000,000.

In pursuing a policy of foreign lending, we must be principally interested in its effect on our own welfare. I am deeply concerned about the enormous scale on which we are now proposing to lend or guarantee abroad. We are now lending more than twice the amount we lent to the Western European countries at the end of the war. Our overseasaid plan, in sum, involves a tremendous sum of money. I think this agreement, by implication, forgives the first World War debt of Great Britain. That means a cancellation of an indefinite estate which amounted, in 1932, to $650,000,000,000, represented by outstanding claims of the United States on which our taxpayers will now have to assume, without assistance, the payment of the principal and interest.

In the second place, I am now canceling all obligations under the lend-lease policy. I do not have exactly the total figure, but in general we are advanced to Great Britain under the lend-lease policy goods and services of the value of over $25,000,000,000. Reverse lend-lease, in reduced form, will be.

An address by Senator Taft in the Senate, April 24, 1946. (Continued on page 328)

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York, Inc., held their annual dinner at the Hotel Waldorf-Astoria, New York, N. Y., Friday evening, April 18th, and an address made to over 1,000 members and guests invited; coming from points as far west as Seattle, Wash., and as far east as the Orient, La., also Canada, making this the largest affair of its kind. Representatives and officers from the Securities and Exchange Commission, Attorney-General of New York, New York Stock Exchange, New York Curb Exchange, National Security Traders Association, among others, were present.

Representatives of the Security Traders Association of New York, Inc., reviewed the changes in the objectives of the association since its formation 18 years ago as a purely social organization.

BOND-TRADERS CLUB OF PORTLAND

Donald C. Sloan of Sloan & Wilcox has been elected President of the Bond-Traders Club of Portland. John G. Calhoun of John Calhoun & Company was reelected Vice President and Pierre A. Rouf of Conrad Bruce & Company, recently returned from military service in the South Pacific area, was named Secretary-Treasurer. National Committeeman for Oregon is Edward A. Guthrie of Birth and Company, Incorporated. These four will serve the Club which is affiliated with the National Association of Security Traders for the current year.

President Sloan stressed the important part the members of the Club play in executing the thousands of orders for securities being handled each year. Complete cooperation with the National Association is planned to the end that investors in Oregon may benefit from the experiences and rules of the Association.

SECURITIES TRADERS ASSOCIATION OF DETROIT

AND MICHIGAN

Donald C. Sloan, Marshall, and Landry, Co., President of the Securities Traders Association of Detroit and Michigan, Inc., announced that the Association will hold their annual Summer Golf Party at the Detroit Country Club on July 12th.


INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia will hold their special meeting May 6th to act upon the proposed establishment of a Fraternity Fund. Following the business meeting, cocktails and dinner will be served at the University Club. Dr. S. H. Patterson, head of the Economic Department of the University of Pennsylvania, will be the speaker of the evening.

C.S.A. INTRODUCES ITSELF

L. C. T. A., formed by members of STANY, introduces itself to members of the Security Traders Association of New York, in the current issue of “Bavv,” as being “conceived in the mind of the writer while standing in line somewhere. Reminded me I was still very skinny, (Am also on V— WAITING LIST too).” Blackball sounds repulsive.

(Please see page 2140.)

We have prepared a Supplemental Bulletin on

MIDLAND REALIZATION Common
and
MIDLAND UTILITIES Common

Copies available on request

DOYLE, O’CONNOR & CO.
INCORPORATED

123 SOUTH LA SALLE STREET
CHICAGO 3, ILLINOIS

Telephone: Drovers 6161
Telegraph: CG 1200

PUBLIC UTILITY COMMON STOCKS

- Arkansas Missouri Power Corporation
- Blue Light and Power Company
- California Water Service Company
- Consolidated Gas Light and Power Company
- Central Illinois Electric & Gas Company
- Empire District Electric Company
- Gulf Public Service Company
- Iowa Public Service Company
- Kansas Missouri Power Company
- Michigan Public Service Company
- Minnesota Power & Light Company
- Public Service Company of Indiana
- Sioux City Gas Electric Company
- Texas Electric Service Company
- Texas Public Service Company

*Prospects available upon request

ACALLYNEACOMPANY

Represented Chicago, New York, Boston, Minnepolis, St. Paul, Omaha

SMITH, LANDERYOU in
Enlarged Quarters

OMAHA, NEB. — Smith, Landeryou & Company have moved into their new offices at 424 Omaha National Bank Building. Their offices are unusual, having a streamlined effect, and have been particularly planned for the operation of the investment banking business.

The spacious lobby is paneled with unstained mahogany, and the seven private offices are finished in a soft green color. Around the lobby doors is fluted glass which permits the entry of light. A paneled library and conference room complete the offices.

TRADING MARKET

Pacific-American
Investors

KITCHEN & CO.

135 South La Salle Street
Chicago 3, Ill.

telephone: 4000

telegraph: M. 20

STERLING
MOTOR TRUCK
COMPANY, INC.

KITCHEN & CO.

Common Stock

CIRCULAR ON REQUEST

ADAMS & CO.

231 SOUTH LA SALLE STREET
CHICAGO 3, ILLINOIS

Telephone: CG 1193

Aeronca Aircraft Corp.
Appleton Manufacturing Company
Howard Industries, Inc.
Kropp Forge Co.
Miller Manufacturing Co.
Puget Sound Power & Light Co.
Trailmobil Company

COMSTOCK & CO.

221 S. Wacker Drive
Chicago 6, Ill.

Macfadden Publications
Gisholt Machine
All Wisconsin issues

HOLLEY, DAYTON & GERSON

189 S. La Salle St., Chicago 3, Ill.
Office: Central 5990

We are an authorized selling firm

FINANCIAL CHRONICLE

Volume 162 Number 4462

March 25, 1946
Pennsylvania Brevities
Delaware Bridge Refunding

The Delaware River Joint Commission last week voted to refund $20,000,000 of old bond issue at a reduced rate of 3.5% and a savings of about $125,000 in interest charges.

The commission plans to offer interest at 3.5% and to buy off the remaining $7,000,000 out of partnership profits of not less than $2,700,000. The bond issue will be refinanced by the sale of new 3.5% bonds, due in 1958, at 95.5% of par value.

Philadelphia Bank
& Insurance Stocks
Philadelphia Transportation Co.

Inland Gas
1st Wise 10c. Paid
Iowa Utilities Co. Common

Midland Utilities Co. Common

CERSTLEY, SUNSTEIN & CO.
Winners in the new Blue Stock Rush, winners first in the line, and winners first in the list.

1523 So. Broad St., Philadelphia 7, Pa.
New York Phone Bell System 415.

Penna.
Gas & Electric Corp.
7 Preferred
Tidewater Power Co.
Common

LEWIS C. DICK Co.

1420 Walnut Street, Philadelphia 2
Tel. Pennsylvania 1/N. Frank 2/2 Bell System Telephone PHI 285

Dealer Involved in Paper
Central Iron & Steel Co.
Benevolent Worsted Mills pfd. & A
Empire Steel Corp. Common
Philadelphia Ry
Vines Corp.
Sterling Motor Truck
Warner Co. common

H. M. Blyles & Company

PHILADELPHIA OFFICE
Stock Exchange Bldg. Phila. 2
Phone Rittenhouse 3117 Tole. PHI 13

Available Publications

Valuation and Appraisal
E. H. Rollins & Sons
Incorporated

PENN'S YANKEE LEGAL BONDS

Compilation of
PENN'S YANKEE LEGAL BONDS

STROUD & COMPANY
Incorporated

STROUD & COMPANY

PENN'S YANKEE LEGAL BONDS

Compilation of
PENN'S YANKEE LEGAL BONDS

STROUD & COMPANY
Incorporated

PENN'S YANKEE LEGAL BONDS

Compilation of
PENN'S YANKEE LEGAL BONDS
SECRET ABSolves Amos S. Treut & Company

Disputes action involving accusation that firm had knowledge of pending offer of a certain company to purchase its stock and failed to disclose fact to those who sold to them at lower market price.

In a decision rendered April 20, 1926, Judge Tres and its successor, Amos S. Treut & Company of New York City, alleging that the firm knew of an offer directed to all stockholders of a certain company to purchase their stock at $10 per share and that it had acted on an order initially placed by the director of the company. The firm was required to make appropriate dispositions to those who sold at the prevailing lower market prices. The decision is based on Sections 10 (b) and 15 (c) of the 1914 Act, which provides that "it shall be unlawful for any person, directly or indirectly, by means of any contract, in any act, practice, or course of business, to act in such a manner as to operate as a fraud or deceit upon any person in connection with the purchase or sale of any security." The violations of the Act cited in the SEC notices and order instituting the proceedings were based on the following facts.

During August and September 1924 negotiations were under way between the firm of W. S. Treut & Co., Inc. (hereinafter referred to as "Treut"), and the President and Director of American Securities Corporation, Inc. (hereinafter referred to as "American") for the purchase of the American Securities Corporation by the firm of Treut. On or about September 15, 1924, a letter was sent to Mr. Treut to the effect that the price the firm of Treut would be $10 per share, and that it would be purchased by the firm of Treut. On or about September 25, 1924, the firm of Treut, under the direction of Mr. Treut, closed the transaction.

In the current debate on the British loan some opponents of the Executive Director of the Bank of England have suggested that the BW program was to solve the exchange problem. Senator F. M. A. of Ohio now claims that Mr. White told the executive session that he did not need a loan of any kind. The incident is now reported in the Senate debate as follows:

"Miss, 10, does the Senor say that at the time the Bretton Woods agreements were under discussion it was contemplated that it would be necessary later to render assistance to the United Kingdom? Do you recall having at any time seen any statement by the Secretary of the Treasury or any other financial agent of the Government that such an effect would be felt, that it could be called on to render assistance to the United Kingdom? I do not recall it. If anything occurred about that, I think it would be very effective with Mr. Barkley. As a member of the Senate I have no recollection of the discussion. The fact is that some of those who opposed the Bretton Woods agreement at the time did so on the ground that, in addition to the national interest, the stabilization of all currencies under the International Bank for reconstruction and development, there would have to be a loan to Britain, and some objects were raised. The Bretton Woods agreement on the ground that the loan the Bretton Woods agreement should be made first and the Bretton Woods agreement came along later. But Congress did not agree. But Mr. Barkley. No. It was not. The argument was that in spite of the fact that Congress had authorized an additional loan such as the one (Continued on page 2410)."
Real Estate Securities

Newspapers lately have been publishing announcements of the purchase of some of the large hotel properties by known hotel operators.


The investments made for the purchase of these hotels were very large and quite beyond the means of the normal investor.

However, the fact that these operators are able to purchase hotels at this time would seem to indicate a good future for this type of investment.

We began to look for hotel issues where a part of the ownership could be purchased through the medium of buying the ownership stock in the open market. We found an interesting situation exists in the common stock of the Hotel Lexington. This stock has been gradually increasing in price and is currently selling at about $26 per share. At this price a value is placed on the common stock of $107,000. Add this amount to the funded debt of the property—$2,790,000—and we arrive at a value of $4,730,805 for the property. The original cost of the property was well in excess of $2,250,000 and the funded debt of the property has been considerably reduced, consisting of first mortgage bonds of $2,225,600 and a debenture issue of $553,120.

The property belonging to Hotel Lexington, Inc., comprises the land owned in fee located at the southeast corner of Lexington Avenue and 46th Street, New York, fronting 116 feet on Lexington Avenue and 178 feet on East 46th Street and the 28-story hotel building thereon. The hotel, completed late in 1929, is of modern steel frame, reinforced construction and contains 601 rooms.

Revenue of the hotel in 1943 was $2,680,976 and showed a net income of $175 per share after deducting all expenses, including funded debt interest and plus depreciation. The property offers a wide margin of safety in the event of capital outlays for replacements of furnishings and equipment. Net earnings retained for interest and sinking fund during 1945 were $356,284.

Since the beginning of sinking fund operations in August, 1942, there has been a total reduction of $732,000 in the funded debt of the property. The exact period of this debt reduction was 54 weeks, which we believe to be a minimum time in which to retire their bonds at an average price of 107 3/4 per cent or substantially below the prevailing market of the bonds. We must therefore, presume that future retirement will be curtailed.

However, continued payment of the sinking fund seems assured at the rate of approximately $355,000 a year ($235,000 was available in 1945) for the next three years. Continued reduction of the funded debt should reflect in the value of the common stock representing the ownership of the property.

With the many hotel sales taking place in New York at high prices, the opportunity of purchasing a share in the ownership of this property would seem as good as any while further investigating.

Russell Garthley Joins Ransone-Davidson Co.

CHICAGO, ILL.—Major Russell Garthley, Transportation Corps Reserve, recently released from active duty, has become associated with the Ransone-Davidson Company as manager of their Chicago office in the Field Building.

Major Garthley served as a 2nd Lt. with the 18th Infantry, AEF, in the Army of Occupation of Germany in World War.

He was commissioned as a Captain, T.C., in November 1942, and promoted to Major in May 1944. He served at Camp Miles Standish, Mass., an installation of the Boston Port of Embarkation.

Starting as an office boy with a small brokerage firm, in 1914, he has specialized in municipal securities.

He is a member of the American Institute of Municipal Finance and the American Association of Consulting Engineers. He has contributed articles to various financial publications. He is a member of Oak Park.

S. Gronick Partner in Gilbert Postley Co.

Gilbert J. Postley & Co., 29 Broadway, New York City, announced that Samuel Gronick has been admitted as a general partner of the firm. Mr. Gronick has been with the firm for some time as stock trader.

Baumstark With Blyth

LONDON, S.W., CALIF.—Fred¬ erick W. Baumstark, has become affiliated with Blyth & Co., Inc., through the acquisition of Sixth Street.

In the past he has been with Bankamerica Co. and Wm. R. Staub Co.

DISCLOSING FACTS IN ADVERTISING

AND IN SECURITIES

BY EDWIN POSNER

President, The New York Curb Exchange

Truth in securities like truth in advertising, asserts Mr. Posner, has been a powerful weapon in improving public opinion regarding the securities market. The Securities Act of 1933 and 1934 have been self-imposed, that Government regulation has been generally welcomed, and that "only over-restrictive controls which threaten initiative, efficiency, public service, and our very existence have been opposed." See needs for more education of wage earner in investments.

It is a pleasure and an honor to be invited here today; to be permitted to address such a group as The New York Financial Advertisers and the individuals who represent an important technical phase of a most interesting and highly specialized profession.

Wall Street is indebted to your group. By your efforts you help to maintain the public realization that the financial community with its great banks, exchange markets and investment houses is an essential part of the American system of privately financed free securities market. Holds much of the public press and your own group will benefit.

Known in your profession as truth in advertising, full disclosure is our most powerful mutual weapon in working for improved legislation.

An address by Mr. Posner at a luncheon of the New York Financial Advertisers, New York City, April 24, 1946.

(Closed on page 2311)

The National Debt and The Individual Investor

BY MORRIS M. TOWNSEND

Director, Banking and Investment Section
U. S. Savings Bonds

Treasury officials point out that one of the most effective means of keeping our economy strong is to maintain widespread holdings of U. S. Savings Bonds. Sees need for continuation of savings bond buying by individuals to absorb increased purchasing power arising from increased production and higher living standards and translate to new Treasury bond buying drive in June. Says present savings bond purchases exceed redemptions.

The United States of America is economically the strongest nation in the world. We hope it will always remain so, but wishful

digitized for FRASER, https://fraser.stlouisfed.org/
Proposed Amendments To Silver Purchase Act

(Continued from page 328)

The importation of such silver must be accompanied by the consent of the owner of such silver and the consent of the United States, at a price of not less than the face value, and not at a price of less than the legal monetary value (of silver) per fine troy ounce. Provided, That until June 1, 1948, no such sale shall be made, unless the purchasers has certified in writing, and the Secretary of the Treasury is satisfied, that such silver is to be used in domestic industry or the arts and within a period of six months after any such sale: Provided further, That at all times the ownership and the possession or control within the United States of an amount of silver or its monetary value equal to the face amount of all outstanding silver certificates hereinafter or hereafter issued by the Secretary of the Treasury shall be maintained by the Secretary: And provided further, That on the consummation of such sale of silver by the Treasury to any purchaser, the purchaser shall immediately take possession of the silver so sold and, by his purchase and removal, change and control within the United States of all outstanding silver certificates; and the Secretary of the Treasury may prescribe the manner, medium, etc., in which such silver shall be paid for upon surrender of the silver on silverware or jewelry.

(d) Hereinafter, notwithstanding the provisions of any other law, maximum prices shall not be established or maintained upon silver bullion, or other forms of silver bullion, whether foreign, domestic or Treasury owned, in nonrefined silver articles: Silver scrap; or, the processing of silver or silver scrap.

This appears as a matter of record only and is not, and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities.

PRICE $43 PER SHARE

100,000 Shares Common Stock
(Without Par Value)

The Crowell-Collier Publishing Company
(A Delaware Corporation)

Copies of the Prospectus describing these securities and the terms of the offering may be obtained from such of the undersigned as are qualified to act as dealers in securities in this State.

Dr. Robey Appointed Economist by NAM

Dr. Ralph W. Robey, economist, author, and former bank executive, has been appointed chief economist for the National Association of Manufacturers, it was announced by Walter D. Wieseburger, NAM's director of research.

Dr. Robey will head the NAM's economic Policy Division, which will be responsible for development of all economic policies submitted to the Association for consideration. He will also have the rank of NAM vice-president.

Dr. Robey has been writing a column for "NewswEEK" Magazine since its inception. He also contributes his "NewswEEK" column in order to the "Baltimore Times." He is a native of Pennsylvania.

Born in Macon, Va., Dr. Robey is a graduate of Indiana University and Indiana University Law School. He took his doctor's degree in economics at the University of Chicago and is a member of the Academy of Political Science, the American Economic Association, Phi Beta Kappa, and the Society of Sigma Xi.

The following statistics and portions of statistics are hereby repealed:

(1) Section 1805 of the Internal Revenue Code of 1933 is hereby repealed.
(2) Sections 6, 7, 8, and 9 of the Second Act, known as "The Silver Purchase Act" of 1934, approved June 19, 1934 (O.C.S. title 31, secs. 316a, 316b, and 746a).
(3) Until June 30, 1934, the Second Act authorized the sale of foreign silver or silver for use in nonmonetized silver articles.
(4) Silver scrap; or, the processing of silver or silver scrap.

Former career diplomat warns United Nations not for Compromise by SUMNER WELLES*

Former Under Secretary of State

Dr. Sumner Welles, who has been critical of the United Nations organization in a number of recent speeches, has now moved to warn American officials that the effort to reconcile the differences between the United Nations and the American people may be doomed to failure.

The crisis arising from the problem of Iran has been in the headlines almost continuously for many weeks. The issues involved are in the highest degree complex. Yet it seems to me essential that public opinion in this country, as well as in all of the other democratic nations, understand fully just what these issues are. Because it is no exaggeration to say that by the manner in which the Security Council now determines these issues, the principles which it now upholds the future of the world is going to be decided.

The question of whether the United Nations is going to succeed in its tremendous task of building a free and a peaceful world order will be largely answered as a result of the steps taken during the coming weeks by the Security Council.

Background of Iranian Dispute

We are all of us familiar with the background of the problem. The Persian people have for many generations suffered under Government which have been weak, inefficient, and corrupt. They have repeatedly been subjected to the pressure of foreign powers. During the present century this country has almost continuously been the scene of a contest for domination between Russia and Great Britain.

In 1942 the only safe route over which Lend-Lease supplies from the United States could be shipped to the Soviet Union, at the time when the Russians desperately needed these supplies to resist the German assault, was through Iran. Iran, however, had been honeymooned by German and by German subordinate activities. Security required that this route through Iran be safeguarded for the Allies. By agreement with the Persian Government, Russian and British troops occupied the northern and southern regions of the country, and a few United States contingents were put in to protect the national boundaries.

At the meeting of Tehran in December, 1943, at the instigation of President Roosevelt, a declaration was issued in the name of the President of Iran in the name of the United States and Great Britain and the U.S.S.R. announcing their determination wholly to respect the independence and territorial integrity of Iran. Later, through a separate agreement, the three

*Advisory at Mr. Welles' address by Mr. Welles was April 24, 1946. Washington, D.C. April 21, 1946.
Bank and Insurance Stocks

By E. A. Van Deusen

This Week—Bank Stocks

During the first quarter of 1946, deposits and earning assets of leading Wall Street banks declined 4.4% and 3.7%, respectively, from their totals at December 31, 1945, but the table of earnings, showing a gain in the trend of earning assets and of earnings, the situation is worth noting, as it often is the case that an answer to the question may not be forthcoming.

The following tables show the changes in totals of deposits and other items between 12-31-45 and 3-31-46.

**TABLE I—AVERAGE FIGURES, 15 NEW YORK CITY BANKS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Deposits</th>
<th>Discount</th>
<th>Gort. Knd. Assets</th>
<th>Cash Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-31-45</td>
<td>31,183</td>
<td>8,678</td>
<td>10,092</td>
<td>4,118</td>
</tr>
<tr>
<td>3-31-46</td>
<td>32,184</td>
<td>8,709</td>
<td>10,262</td>
<td>4,350</td>
</tr>
</tbody>
</table>

It will be observed that deposits, earning assets, and total earning assets declined. On the other hand, points and discounts increased, while uninvested cash declined and the invested position of the banks relative to deposits improved 5.2%. Also, it should be noted that loans and discounts now represent 28.5% of deposits.

**TABLE II—AVERAGE FIGURES, 15 NEW YORK CITY BANKS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Deposits</th>
<th>Discount</th>
<th>Gort. Knd. Assets</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-31-45</td>
<td>31,183</td>
<td>8,678</td>
<td>10,092</td>
<td>4,118</td>
</tr>
<tr>
<td>3-31-46</td>
<td>32,184</td>
<td>8,709</td>
<td>10,262</td>
<td>4,350</td>
</tr>
</tbody>
</table>

The substantially higher volume of deposits and discounts which today represent 28.5% of earning assets is the result of an increased demand for credit.

In 1946, therefore, the banks are stepping out with deposits and earning assets well ahead of their position early in 1945, as the following table indicates. The approximate quarter totals for each year plainly show:

**TABLE III—AVERAGE FIGURES, 15 NEW YORK CITY BANKS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Deposits</th>
<th>Discount</th>
<th>Gort. Knd. Assets</th>
<th>Cash Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-31-45</td>
<td>31,183</td>
<td>8,678</td>
<td>10,092</td>
<td>4,118</td>
</tr>
<tr>
<td>3-31-46</td>
<td>32,184</td>
<td>8,709</td>
<td>10,262</td>
<td>4,350</td>
</tr>
</tbody>
</table>

Other than Governments, which are down 11%, points and discounts are up well, especially deposits and discounts which are more than 50% above totals of a year ago.

In 1945 further increase after March 31 was experienced throughout the year in deposits, earning assets, and total assets, but the deposit and earning assets, also in cash. What can be expected this year?

**TABLE IV—NATIONAL BANKS, 5-28-46**

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Loans &amp; Investments</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>Balance Sheet</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Alt.</td>
<td>Texas</td>
</tr>
<tr>
<td>$100</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Dr. Haussmann warns of possible British cocoa trade squeeze

Underlying the possibility of a British Government cocoa trade squeeze, is the trend toward the development of so-called international commodity arrangements.

The problem is that, according to Dr. Haussmann, a member of the faculty of the New School for Social Research, April 23, that the modern development of so-called inter-sovereign trade agreements has been emphasized for free trade arrangements, such as the Chicago, the delimitation of the European coal and steel area, and counterproposals made by members of the New York Cocoa Exchange that at 1 m. in m. prices be set and equalized. Dr. F. Haussmann says that 10% be used for a permanent international arrangement.

Dr. Haussmann, chairman of a series on International Cartel Problems, spoke at a round table discussion held at the New School on April 23. Mr. F. Haussmann, president of the New York Cocoa Exchange, said that the Secretary of the Cocoa Merchants of America, took a leading part in discussions.

At the end of 1944, Dr. Haussmann, political economy of the Colonial Office submitted to the British Parliament a White Paper advocating the establishment of a world cocoa cartel. It was further revealed that the American Government have to reconsider the 1942 agreement concluded in wartime in the view of the situation and the close-up period of the war.

W. E. Ryan to Manage du Pont Newark Branch

NEWARK, N. J.—William E. Ryan has been appointed manager of the Newark office, 728 Broad St., of Francis 1 du Pont & Co., members of the New York Cocoa Exchange. Mr. Ryan, who has recently returned from the armed forces, was named to the firm’s main New York office for five years.
Air Transport Industry

Northern Trust Company of Chicago recounts in optimistic tone, the past growth and new investment opportunity in domestic Air Transport. Sees subordination of industry through mail contracts as an important phase.

In the May issue of "Business Review" of the Northern Trust Company of Chicago, the following item on the growth of the domestic air transport industry is presented:

"Anyone depressed by the thought that air transport is in a state of economic maturity, with a corresponding decline in the opportunities for personal advancement, can comfortably put that idea behind him," remarks the "Bulletin," should observe the past growth and future prospects of the industry. Better yet, he might spend an hour at the large terminal of the Chicago-St. Louis air mail line, watching the unceasing arrival and departure of the sleek, two- and four-engined planes of various airlines. He would realize the workings of an industry still in the early stages of growth and potential for expansion. New developments in older industries present the same challenge to the idea of stagnation, but nowhere is the potential growth as great as in the air transport industry.

"In 1945 the eighteen domestic airlines reported 65,000,000 passengers at an average distance of 776 miles each. This was an increase of 2.7 million passengers carried an average of 420 miles in 1944 over 1943 airlines, which combine the number of passengers handled by companies extending the business of the airlines into the order to five years prior to 1940 and 1945 plus three times in the last five years. In other words, the increase in travel was related to a rise in traffic volume as well as an increase in the average distance traveled. Last year, however, the airlines have not been able to meet the demand for transportation for service because of the lack of equipment. The armed forces requisitioned half of the equipment of the airlines in 1942 and not until early 1945 did the airlines have as much equipment as they had before the war. Their ability to handle the great rise in traffic in a period of such great change in the utilization of the equipment left the airlines in a tight spot." As a result, the airlines raised their fares by 80% in 1940 to almost 50% in 1941. Nevertheless, the air lines fell behind the railroads in reflecting the wartime rise in travel. Passenger-miles carried on the railroads increased from 1942 to 1945, between 1940 and 1945, including terminal, 17% and 23%, as the railroads were able to maintain their share of business in a period of increased operating expenses.

"As has heretofore been characteristic of growing industries in the U.S., the cost of the product rendered has declined, thus stimulating expansion. In 1929 passenger fares were 12 cents per mile and just before the war 5 cents. Last year a rate of 4.5 cents per mile was established, and this rate in this form reflects the enormous cost of air transport, for the rates in earlier years would have been substantially higher. What is not the major part of the operating cost being carried by mail contracts is the cost of capital. Government agencies anticipate further increases for the coming years, perhaps as low as 3 cents per mile in some years. The reason for this is that the majority of the mail contracts have been awarded by the Post Office Department for the airlines for transporting mail and are substantially exceeded by the amount of money the airlines can make on the mail. "Subsidization of air transport through mail contracts is a thing of the past," notes the "Bulletin.

Tobacco Co. Earnings Favored by Recent Increase in Ceiling Prices

Harry M. Wooten predicts that a gain of 5% over last year's record cigarette production, at the raised selling prices, will result in sharply higher earnings for the manufacturers. The increase in the ceiling prices on cigarettes announced by the Office of Price Administered on April 25th is the most important development for these manufacturers in nearly a decade, according to H. M. Wooten, consulting and manufacturing consultant and sales analyst.

Speaking before the New York Society of Security Analysts on April 28, on the outlook for this industry, Mr. Wooten said: "The OPA order authorizing manufacturers to increase the list price of domestic cigarette selling brands from $9.91 to $7.00 per thousand is the first actual mark-up for these producers since 1947. In view of the very substantial increase in the cost of processing cigarettes since then, a moderate increase in overhead of $1.50 per thousand live over the industry, in my opinion, is justified.

"The interior changes in cigarette prices permitted producers on July 1, 1945 and on November 1, 1945, were simply offsets to competitive increases of 25% per thousand in the federal tax on this product. In fact, when the excise tax on cigarettes was increased from $3.33 to the present proportion of 3.00 per thousand, manufacturers actually lost three mills per thousand of their price schedule. While this may appear an inconsequential amount to the taxman, in an industry where costs are figured on a fraction of a cent, this means a major increase in earnings by the end of the fiscal year out on a product with a unit cost to the fourth decimal, a loss volume running into the billions. "Despite a decrease of 7.5% in overall cigarette production in the first two months of the year, the latest figures available, I am an incurable optimist on cigarette consumption. As a preliminary estimate, I would place 1946 production at roughly 348 billion units.

"This is a gain of 5% over the record breaking 1945 production of 332 billion units. "The industry sold about 80 billion cigarettes during the March quarter and 50 billion more cigarets in the months that followed, but the increase in the price per thousand will amount to roughly 240 cents to the manufacturers, less the customary trade discounts of 10% and 12%. The tax reduction represents a net increase to manufacturers of 25 cents per thousand, and consequently the mark-up should approximate $200,000,000 in additional gross profit for the industry this year. "Higher cost in production and the restoration of advertising to a more normal level for this industry, however, would greatly reduce the additional revenue. Of the indicated increase in gross profits about 80% or $55,200,000 should accrue to the Big-Five manufacturers. These producers in the aggregate will probably bring down to the tax line this year only 48.6% of the increase in the gross intake, or roughly $26,800,000. "The effect of the increase in cigarette prices on the actual earnings of the individual companies, is far more difficult to determine because of volume and costs, but the other separate producers will vary widely. "Notwithstanding the higher operations costs, which prompted OPA to grant the price advance, and the likelyhood of substantially larger appropriations for advertising by most companies during the remainder of the year, the new price structure for cigarettes should result in a sharp improvement in 1946 earnings for the manufacturers that retain their competitive position in the industry."

Morton Heads Own Firm

William H. Morton has formed W. H. Morton & Co., Inc, 15 Broad Street, New York, to deal in government, state and municipal bonds. He was formerly second vice-president of the Chase National Bank.

$46,600,000 Consolidated Gas Electric Light and Power Company of Baltimore

Series R, 2 3/4% First Refunding Mortgage Sinking Fund Bonds

Dated April 1, 1946 Due April 1, 1981
Mutual Funds

The Shinking Dollar

Keystone Co. in the current problem of shrinking income and high taxes and rising living costs has its personal standard of living. For example, a married man with an income of $5,000 in 1939 would need to enjoy the same purchasing power today. It has been estimated that $15,000 in 1938, he would need to $30,450, or 78%, more, in order to maintain his standard of living.

An even more drastic example is afforded by the man who had a gross income of $15,000 in 1939. Today he would need $57,087, or 400%, more, in order to keep his 1939 buying power.

"Sure will the difficulty cure itself," writes Keystone Co. "This is a near-term prospect of substantial tax reduction, and

United Nations Not for Compromise

(Continued from page 2363)

Governments announced that they would refuse to send any more troops from Iran after March 2, 1946.

Some 36 nations before this date Soviet activities in Iran's north-western province of Azerbaijan, which were supported by Russian troops, began to be curtailed. Resentment. The activities included the refusal to permit the legitimate Persian authorities in Azerbaijan to make the proper Cortez in Washington and London was increased by the scale of Soviet activities in the province of Azerbaijan which were known to be under Soviet influence. When the government of Azerbaijan protested to the Persian government that its complaint was brought to the first meeting of the Security Council in London in January of this year. After much debate the Council agreed that the question of the difficulty should be found through direct negotiations between Iran and Russia. The Council, however, reserved the right to request information from the two governments concerned of the progress of these negotiations.

In February the British troops which had been evacuated, and the current that Russian military detachments in the region were being increased. March 2 came and passed. It became evident that the continuation of keeping its commitments in the region by its military forces on the date set.

As we all know, these facts were brought to the meeting of the Security Council over the persistent opposition of the Soviet government when the Security Council met again in New York at the end of March.

The Real Issue

Underlying all of the diplomatic wrangling and all of the maneuverings, were the actions of the Russian and Iranian Governments, the failure of the United Nations Security Council were not only the failure of the Soviet Government to Vietnam and Iran. There existed also the Japanese occupation of Manchuria, which was in the time of the Iranian interior concerns of Iran, notably in the Province of Azerbaijan, and whether it was to be given a country to be a part of the Soviet Union, were engaged by the United States, and the five northern Persian provinces.

Russia's Position

There can be no question in the mind of any impartial observer that the United States has every right to obtain fair and equal treatment in the international power of the development of her resources in Iran, and it can be no question that the inhabitants of Azerbaijan and of the five northern provinces have every right to demand and demand peace and honest government as that of

The Knickerbocker Fund

for the Diversification, Supervision and Safe-keeping of Investments

KNICKERBOCKER SHARES INC.

20 Exchange Place

New York, N.Y.

The

The

The

The

The

The

The

The

The

The
Silver Senators Stock

Another Touchdown

(Continued from page 2337)

inflation, but this has been a defendant in the national banks, for example, generally are believed to have sold silver dollars to silver buyers, and are said to look with favor upon that course. There is no instance of organized violence against the silver legislation in this country. For a while, following the Mexican action, the Senate Committee on Commerce, the silver-dollar-sell program was under attack in this country because of its benefits to Mexico. The silver mining interests in standing in the way of the war effort was thus exposed, the silver

Silver Senators yielded and the Green Act giving industrial users access to idle Treasury silver for a limited period was passed by Congress.

From a depression low of less than 25c an ounce, the price of silver has advanced to a new high step to the present 71c an ounce. If the separation between the mining and jewelry interests become law, as seems likely at the writing of this paper, the price will be within two years thereafter much $1.25. So far as concerns the silver-mining interests, it should be noted that the statutory price is a minimum, a floor below which the metal need never be sold. The result is open to all the silver American miners can produce, now and forever—under the law thesilver mining interests should sometime be repealed.

Premium Prices Paid for Silver

During the whole of the period since 1933 the price which American mine producers have received for silver has been at a considerable premium over the market price for other silver. The latter price of course has always been supported by the Federal Reserve System and the Treasury's convertible silver stock policy, which has been maintained since 1922. Moreover, silver has been sold to the Treasury at a price at least 30c over the New York market, and usually at 50c or more over the New York market. This price has been maintained by the Treasury as a support to the metal for the benefit of the mining industry. For these reasons, and because of the investment of millions of dollars in silver mining properties, the silver mining interests have been able to maintain the high price for silver, and to prevent a decrease in the price of silver.

No Organized Opposition

Because Washington is the place where the federal government has its headquarters, it is not surprising that the silver mining interests have been able to maintain their position. But the fact remains that the mining interests have been able to maintain their position and to prevent a decrease in the price of silver.

No Organized Opposition

Because Washington is the place where the federal government has its headquarters, it is not surprising that the silver mining interests have been able to maintain their position. But the fact remains that the mining interests have been able to maintain their position and to prevent a decrease in the price of silver.

No Organized Opposition

Because Washington is the place where the federal government has its headquarters, it is not surprising that the silver mining interests have been able to maintain their position. But the fact remains that the mining interests have been able to maintain their position and to prevent a decrease in the price of silver.
Let's Be American About Reconversion

(Continued from page 2335)

Confusion in Government

Since I am in business myself, I feel that I am qualified to talk to you who represent the government businesses. Just as small agriculture is the real economy of the independent agriculture; and as labor in small-numbered, small independent labor of America; and just as the small newspapers—weekly and daily—are the real independent press of the United States, so also are the small businessmen the real independent businessmen of America. You have come to this convention as independent businessmen to discuss the immediate problems that confront you today.

You undoubtedly expect me to tell you, if I can, why all the confusion in government—in business—in agriculture—and in labor. The answer is simple. It is the result of an overgrown Fed¬

eral bureau that has become so big that it does not know what to do with itself. It has so much power that we have never had the necessity for action, or it does not know what to do with the power, or if it does, it takes many times that many; thousands of orders are issued and then contradicted or misinter¬

The way our economy is being burdened, the result of the dece¬

sions of an old New England church, who meeting to discuss their need of a new build¬

ing. Everybody had a different idea about what should be done. Movements were hurried and hasty, withdrawn, but when the meeting finally ended, the congregation had adopted the following motion:

1. They all agreed that they would build a church.
2. They all voted to occupy the old church until the one was com¬

pleted.
3. They all unanimously agreed to build the new church out of the materials of the old.

This is a typical example of bureaucracy at work in govern¬

ment.

Planned Confusion and Regi¬

mented Chaos

We could have naturally expected, even under the best of conditions following the war, a great deal of confusion, and when anything goes wrong the bureau¬

cracy readily blames it on the after¬

math of war. But the vast con¬

fusion in which we now find ourselves is not merely incidental to our participation in the greatest war ever fought on this globe; it is a confusion planned by those in high places, who mean that it shall be sufficient to destroy our natural mental, or if it does, many times that many; thousands of orders are issued and then contradicted or misinter¬

The way our economy is being burdened, the result of the dece¬

sions of an old New England church, who meeting to discuss their need of a new build¬

ing. Everybody had a different idea about what should be done. Movements were hurried and hasty, withdrawn, but when the meeting finally ended, the congregation had adopted the following motion:

1. They all agreed that they would build a church.
2. They all voted to occupy the old church until the one was com¬

pleted.
3. They all unanimously agreed to build the new church out of the materials of the old.

This is a typical example of bureaucracy at work in govern¬

ment.

Planned Confusion and Regi¬

mented Chaos

We could have naturally expected, even under the best of conditions following the war, a great deal of confusion, and when anything goes wrong the bureau¬

cracy readily blames it on the after¬

math of war. But the vast con¬

fusion in which we now find ourselves is not merely incidental to our participation in the greatest war ever fought on this globe; it is a confusion planned by those in high places, who mean that it shall be sufficient to destroy our natural mental, or if it does, many times that many; thousands of orders are issued and then contradicted or misinter¬

The way our economy is being burdened, the result of the dece¬

sions of an old New England church, who meeting to discuss their need of a new build¬

ing. Everybody had a different idea about what should be done. Movements were hurried and hasty, withdrawn, but when the meeting finally ended, the congregation had adopted the following motion:

1. They all agreed that they would build a church.
2. They all voted to occupy the old church until the one was com¬

pleted.
3. They all unanimously agreed to build the new church out of the materials of the old.

This is a typical example of bureaucracy at work in govern¬

ment.

Planned Confusion and Regi¬

mented Chaos

We could have naturally expected, even under the best of conditions following the war, a great deal of confusion, and when anything goes wrong the bureau¬

cracy readily blames it on the after¬

math of war. But the vast con¬

fusion in which we now find ourselves is not merely incidental to our participation in the greatest war ever fought on this globe; it is a confusion planned by those in high places, who mean that it shall be sufficient to destroy our natural mental, or if it does, many times that many; thousands of orders are issued and then contradicted or misinter¬

The way our economy is being burdened, the result of the dece¬

sions of an old New England church, who meeting to discuss their need of a new build¬

ing. Everybody had a different idea about what should be done. Movements were hurried and hasty, withdrawn, but when the meeting finally ended, the congregation had adopted the following motion:

1. They all agreed that they would build a church.
2. They all voted to occupy the old church until the one was com¬

pleted.
3. They all unanimously agreed to build the new church out of the materials of the old.

This is a typical example of bureaucracy at work in govern¬

ment.
last eight months, it is not going to be an easy task for President Roosevelt to get Congress to create something that will cost nearly $70 billion and be far more drastic action than anything that we have had in the past, even in peacetime. If, while pretending to protect the consumer, they can get us the program they want, then they will have won enough, and further intensify the shortage of goods in this country; unless we can bring about a state of affairs which will enable them to cut out of their proposals that part which is designed to demoralize the American institutions.

The Government must try to harden German morale

Communism Uses Bureaucracy

Of all the segments of our American system, perhaps none of them is more susceptible to the attacks of Communism than the bureaucracy because Communism has become most potent in obviously the bureaucracy which is the most prosperous and powerful in the country. In these bureaus the most expert representatives of the Democratic party will wend their way to their key positions. They will use their departmental tape—the power—the confusion and the contradictions of bureaucracy to destroy American independence, and the American business. Those who work in the bureau system on a day-by-day basis will require $14 billion, and even if they protest, they will not be listened to. They are the Democratic party's tool in the fight for socialism, and they are the Democratic party's agents for making this work. They are the Democratic party's agents for destroying the American system of government and for destroying the American institution.

Our American System Has Accomplished Peace

Under the American system, we have in 180 years achieved the highest living standards, the highest wages, the growth of the greatest cities, of all industries, and the greatest array of luxuries and comforts of life in peace. The American system has produced much more that the British system, and it has produced it in a more democratic way. It is the American system that the President is trying to destroy.
Let's Be American About Reconversion

(Continued from page 2369)

(0,000,000 annually, far into the future.
This does not include:
1. $10,000,000 annually, for three years
2. For the Export-Import Bank, $5,000,000
3. For the complete contribution to Bremton Woods, $2,000,000.
4. For other development, $1,000,000
5. For housing—$400,000 for the emergency bill, and $5,000,000 for the long-range program.
6. To all of these should be added the Federal Reserve Bank of Canada, if it should fulfill its mission.

Col. Dana Named for British Gov't. Award

Col. William D. Dana, general partner in the New York Stock Exchange firm of Burton, Chitt & Dana, 120 Broadway, New York, has been notified by the War Department that the British Government has named him for the award of the Medal of Honor.

Col. Dana recently terminated his activities as Chief Supply Division of the Air Technical Service Command, U.S.A.A.F., and entered the serv¬ice of an important New York industrial concern as Chief of Supply. Col. Dana was responsible for the procurement, issuance and distribution of all supplies and equipment required for our serial conflicts against the enemy, and in carrying out these responsibilities he visited all of the battle fronts.

Col. Dana also is the possessor of the War Department's Legion of Merit award.

MacLean Assl. Agent Of Canadian Bank

Sydney J. MacLean, since 1932 special representative of The Canadian Bank of Commerce, has been appointed assistant agent at the New York office of the bank.

Stern, Lauer Adds Gerson Lublin to Staff

Stern, Lauer & Co., 39 Pine Street, New York City, members of the New York Stock Exchange, announce that Gerson D. Lubin, formerly Major, A.U.S., has joined the organization. Mr. Lubin was born in 1906 in New York and was graduated from the University of Chicago in 1929. He has been associated with the business, Mr. Lubin was associated with Henry Hentsch & Co. and D. P. Hutton & Co.

Peninsula Tel. Co. Stocks Subscribed For

Financing undertaken by the company to retire its $41.40 convertible preferred stock has been completed. The issuance of 80,000 shares of $1 cumulative preferred stock (par value $25) and the sale of 26,799 shares of common stock, as well as preferred shares, 71,885 were issued by the company to holders of the $1 cumulative preferred stock, class A, (par $25), pursuant to the plan for the kind of securities, the figures I give you are appalling.

Total money in circulation. Mar. 31, 1940, $7,073,000,000.

3. Total money in circulation and deposits $178,733,000,000.

The new stock is entitled to cumulative dividends from April 15, 1946, payable Aug. 15, 1946, and thereafter. Redeemable in whole or in part at any time, at the option of the company, at par plus 50 days’ notice at $29.50 per share, or at the option of the company, at par plus accrued unpaid dividends.

Canadian Securities

In matters relating to Canadian Government, Canadian Governments, or Canadian Corporations, facilities of our organization in New York, Canada and London, England, are available.

Wood, Gundy & Co.

Incorporated
14 Wall Street, New York 8
Bell System Teletype NY-1520

Canadian BONDS

GOVERNMENT

PROVINCIAL

MUNICIPAL

CORPORATION

CANADIAN STOCKS

A. E. AMES & CO., INCORPORATED
TAYLOR, DEALE & CO., INCORPORATED
64 Wall Street, New York 5, N. Y.
RECTOR 2-7231
NY-1-1465

Two Wall Street

New York 5, N. Y.

Charles King & Co.

Incorporated
31 Broadway, New York 7

Rauscher & Co.

Incorporated
21 Broadway, New York 7

Wood, Gundy & Co.

Incorporated
14 Wall Street, New York 8
Bell System Teletype NY-1520

Wood, Gundy & Co.

Incorporated
14 Wall Street, New York 8
Bell System Teletype NY-1520

Canadian Securities

By BRUCE WILLIAMS

The psychological direction of mass thinking has been a more potent weapon of control than direct market intervention. From the moment that a former Secretary of the Treasury stated that "the era of speculation is over," a bond market did not look back and the open market control ceased to be called upon to abate new issues at past prices. All investment markets including that for Canadian securities, were completely unaffected.

BONDS STOCKS

MARKETS maintained in all classes of Canadian external and internal bonds.

Stock orders executed (for dealers, banks and institutions) on the Montreal and Toronto Stock Exchanges, by a firm of New York.

Dominion Securities Corporation
40 Exchange Place
New York 5, N. Y.

Ball System Teletype NY-1703-3

Dominion Securities Corporation
40 Exchange Place
New York 5, N. Y.

Ball System Teletype NY-1703-3

Dominion Securities Corporation
40 Exchange Place
New York 5, N. Y.

Ball System Teletype NY-1703-3

Canadian securities

Government Municipal Provincial Corporate

Canadian BONDS

Government Provincial Municipal Corporation

Canadian stocks

A. E. Ames & Co., Inc.

Incorporated

64 Wall Street, New York 5, N. Y.

Whitewall 3-1874

Wood, Gundy & Co.

Incorporated

14 Wall Street, New York 8

Bell System Teletype NY-1520

The common stock is 26,328 shares, of which 40 holders. The remaining 561 were purchased and sold by the underwriters. The underwriters were Morgan Stanley & Co., Cogan, Halsey & Co., of White, Weld & Co.

Donald O'Neil Joins Rauscher, Pierce, Co.

Rauscher, Pierce, Co.


The common stock is 26,328 shares, of which 40 holders. The remaining 561 were purchased and sold by the underwriters. The underwriters were Morgan Stanley & Co., Cogan, Halsey & Co., of White, Weld & Co.

Donald O'Neil Joins Rauscher, Pierce, Co.

Rauscher, Pierce, Co.


The common stock is 26,328 shares, of which 40 holders. The remaining 561 were purchased and sold by the underwriters. The underwriters were Morgan Stanley & Co., Cogan, Halsey & Co., of White, Weld & Co.

Donald O'Neil Joins Rauscher, Pierce, Co.

Rauscher, Pierce, Co.


The common stock is 26,328 shares, of which 40 holders. The remaining 561 were purchased and sold by the underwriters. The underwriters were Morgan Stanley & Co., Cogan, Halsey & Co., of White, Weld & Co.

Donald O'Neil Joins Rauscher, Pierce, Co.

Rauscher, Pierce, Co.


The common stock is 26,328 shares, of which 40 holders. The remaining 561 were purchased and sold by the underwriters. The underwriters were Morgan Stanley & Co., Cogan, Halsey & Co., of White, Weld & Co.
To the Stockholders of the Reading Company:

Condensed Annual Report of the operations of the Company for the year ended December 31, 1945:

CONDEMD EARNINGS STATEMENT

<table>
<thead>
<tr>
<th>Item</th>
<th>1944</th>
<th>1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of Earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handling &amp; storage</td>
<td>$11,594,697</td>
<td>$13,423,364</td>
</tr>
<tr>
<td>Handling &amp; storage</td>
<td>$10,413,734</td>
<td>$12,879,563</td>
</tr>
<tr>
<td>Handling &amp; storage</td>
<td>$12,595,889</td>
<td>$17,774,693</td>
</tr>
<tr>
<td>Carrying passengers</td>
<td>$11,461,744</td>
<td>$14,411,101</td>
</tr>
<tr>
<td>Mail, express, and other transportation services</td>
<td>$6,411,820</td>
<td>$5,711,650</td>
</tr>
<tr>
<td>Use of our equipment by other lessor companies</td>
<td>$337,738</td>
<td>$446,461</td>
</tr>
<tr>
<td>Dividends from other lessor companies</td>
<td>$112,983</td>
<td>$167,052</td>
</tr>
<tr>
<td>Interest on bonds owned</td>
<td>$49,748</td>
<td>$67,052</td>
</tr>
<tr>
<td>All other income</td>
<td>$534,444</td>
<td>$749,964</td>
</tr>
<tr>
<td>Total</td>
<td>$121,061,606</td>
<td>$151,616,974</td>
</tr>
</tbody>
</table>

Disposition of Earnings

| Wage & Salary | $17,987,813 | $17,326,833 |
| Fuel & Power | $4,642,770 | $4,642,864 |
| Rail, toll, and other materials | $2,845,439 | $2,845,439 |
| Payments to contractors, associations, etc. | $11,056,084 | $11,095,246 |
| Depreciation, amortization, and rents, exclus. of above | $16,365,438 | $15,824,760 |
| Tax amortization of cost & excess profits | $5,055,584 | $5,165,464 |
| Rent for leased lines | $5,355,270 | $4,599,832 |
| Interest on debt | $5,019,460 | $4,468,788 |
| All other expenses | $186,612 | $263,964 |
| Total expenses | $66,542,075 | $59,238,976 |

Net income before amortization and depreciation | $54,519,531 | $92,378,098 |

Additional charge for amortization and depreciation | $5,512,004 | $9,097,508 |

Net income | $59,031,535 | $101,475,606 |

Simplified Balance Sheet

<table>
<thead>
<tr>
<th>Owned</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Roadway property and equipment</td>
<td>$177,716,718</td>
<td>$177,616,940</td>
</tr>
<tr>
<td>Less reserved for depreciation</td>
<td>$13,441,048</td>
<td>$13,464,018</td>
</tr>
<tr>
<td>Roadway property and equipment</td>
<td>$164,275,670</td>
<td>$164,152,922</td>
</tr>
<tr>
<td>Property not used in trade</td>
<td>$15,546,764</td>
<td>$15,578,748</td>
</tr>
<tr>
<td>Stock bonds and notes of others</td>
<td>$19,953,190</td>
<td>$15,503,944</td>
</tr>
<tr>
<td>U. S. Government securities</td>
<td>$13,649,617</td>
<td>$13,695,222</td>
</tr>
<tr>
<td>Cash</td>
<td>$10,971,173</td>
<td>$8,603,947</td>
</tr>
<tr>
<td>Fuel, gas &amp; oil</td>
<td>$10,753,406</td>
<td>$10,509,941</td>
</tr>
<tr>
<td>All other assets</td>
<td>$11,735,997</td>
<td>$10,748,507</td>
</tr>
<tr>
<td>Total</td>
<td>$285,198,192</td>
<td>$261,537,849</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Owed</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages and collateral notes</td>
<td>$1,461,754</td>
<td>$1,524,066</td>
</tr>
<tr>
<td>Equipment obligations</td>
<td>$2,268,100</td>
<td>$2,285,100</td>
</tr>
<tr>
<td>Accounts &amp; payables</td>
<td>$2,227,441</td>
<td>$2,227,441</td>
</tr>
<tr>
<td>All other liabilities</td>
<td>$1,632,048</td>
<td>$1,632,048</td>
</tr>
<tr>
<td>Total</td>
<td>$12,699,745</td>
<td>$12,699,745</td>
</tr>
</tbody>
</table>

Capital surplus | $119,565,350 | $115,958,755 |
Surplus | $116,587,679 | $115,999,781 |
Total surplus | $236,153,029 | $231,958,536 |

The Management desires to express its appreciation to all patrons, officers and employees, whose support and co-operation made possible the successful operation during the difficult war years and brought about the generally satisfactory results of the Company during 1945.

By order of the Board of Directors,

Reading Terminal
May 2, 1946

PRESIDENT
Railroad Securities

Mulling the trend of Government bonds, all sections of the railroad bond market have moved fairly sharply lower during the course of the last few weeks. In this decline the price speculative issues, and particularly the Income bonds of reorganized carriers, have been additionally influenced by the generally very discouraging first quarter earnings reports that have appeared during the past week. Apparently the market for the first time may be starting to consider the implications of the possibility that in many instances these roads may experience difficulty in covering their contingent interest requirements this year. Probably the most discouraging of the recent developments was that of New York Central, which reported a net loss of $22,200,333, despite a Federal income tax carry-back credit close to $8,000,000. The railroad bonds sank to new 1946 lows but the stock received relatively better support.

In the investment section of the list the undigested new issues were particularly hard hit. The longer Great Northern and Southern Pacific new issues were found to five points off the original offering price. In the 6% issues such prime lien as Atchison and Chicago & Eastern Illinois were also four to five points below the year's high. In this section, however, there was very little actual trading. The shaving of the 7% series B bonds was turned largely to a withdrawal of bids and the liquidation of sold lots. As a result of this sudden turn in the bond market as a whole a number of railroad issues have already been called and their prospect will apparently be abandoned, at least for the time being.

Southern Pacific is one of the roads contemplating further refinancing as its going ahead with its program despite the general railroad situation and is reported to be planning to sell a total of $500,000,000 of Capital Preferred stock, Debenture Preferred stock with attached warrants, and Refunding mortgages in two series. The 15% series B bonds will mature in 1970, $10,000,000 of senior C bonds will mature in 1989. Proceeds from the sale of the bonds are to be utilized for redemption of $54,000,000 of Central Pacific $5, 1928 and $29,000,000 of Southern Pacific 4½s, 1968. Both of the issues to be called are unsecured obligations.

Southern Pacific has been one of the most active of the railroads in the refunding market. In addition, the management over a period of years has been among the most successful in the retirement of debt. The present operations, however, call for a further reduction in the face amount of debt outstanding but it is expected to result in a somewhat higher while cut in the burden of annual fixed charges. On completion of this latest refunding it is indicated that Southern's fixed requirements will be reduced to below $19,000,000 which is considered well within the most pessimistic limits of the road's potential normal earning power. During the depression of the 1930's the road supported charges of more than $30,000,000.

It is generally expected that the Export-Import Bank will be in the market by the end of Southern Pacific's debt program. The two issues to be called the road still has outstanding $174,000,000 of callable 6½s at 5½% which is represented by the series B and C issues of August 14, 1919, $113,000,000 of Debentures maturing in 1969 and 1981. It is also felt that the $24,700,000 San Francisco Terminal 4½, 1980 might be a logical candidate for refunding. Moreover, the 5½s which are well situated financially. As of the present the company's needs have been met by new capitalization to more than $113,000,000. All in all, so far as the balance sheet is concerned, the $18,000,000 level appears as a distinct possibility.

The company's stock has been acting very well marketwise in relation to most other rails in recent weeks. Several railroad rail men feel that it has not fully appreciated the improvement in the company's debt structure and finances, to say nothing of the war traffic prospects based on the strong growth characteristics of the service area.

Terms of Additional Credit to Netherlands

The terms and conditions of new credits to the Kingdom of the Netherlands were announced on April 18 by William J. McGinley, Jr., Chairman of the Export-Import Bank. The approval in principle of the credit by the Board of the bank made publicly recently by the Export-Import Bank and Mr. Liebek, Minister of Finance of the Netherlands who represents his Government in the negotiation of the credit. This new credit it announced to be represented in four sections during one year and the remaining one-half in the following year with an interest rate of 3½%. The following approval decision of the Board of Directors. The Export-Import Bank's lending will be in support of normal marine and transit hazards under a guarantee provided by the Dutch Government.

The list of products follows—Grains, Tobacco, Drugs, Grains, Tobacco, Drugs, Grains, Tobacco, Drugs. All the above named commodities will be lent for a minimum period of one year and the remaining credit under a guarantee provided by the Dutch Government.

Railroad Bonds and Stocks

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway
New York 6
Telephone: Citi-1450
Real Telephone: NY-1108

For Banks and Brokers
E. W. Bliss Company
925 Convertible Preferred
* Prospectus on Request

Northern States Power Company (Del.)
7% Cumulative Preferred — 6% Cumulative Preferred

Bought — Sold — Quoted

SUTRO BROS. & CO.
Members New York Stock Exchange
126 BROADWAY, NEW YORK 5, N. Y.

GETCHELL MINE, INC.
UNITED PUBLIC UTILITIES
UNITED PUBLIC SERVICE

Lehigh Valley Railroad
General and Consolidated A-4,-5s, 2003
1st April

McLaughlin, Reuss & Co.
Members New York Stock Exchange
ONE WALL STREET
NEW YORK 5

Lehigh Valley Railroad
General and Consolidated A-4.-5s, 2003
1st April

McLaughlin, Reuss & Co.
Members New York Stock Exchange
ONE WALL STREET
NEW YORK 5

Lehigh Valley Railroad
General and Consolidated A-4.-5s, 2003
1st April

McLaughlin, Reuss & Co.
Members New York Stock Exchange
ONE WALL STREET
NEW YORK 5
SINCE its founding 100 years ago, the Pennsylvania Railroad has paid to its employees, stockholders and bondholders approximately twelve and a half billion dollars.

Never once over that century has it failed to meet a financial obligation when due.

To its employees the Pennsylvania has paid in wages a sum exceeding ten billion dollars.

To stockholders, it has paid a cash return in every year since 1847—a total of a billion and a quarter dollars.

To bondholders—individuals, and insurance companies, savings banks, trust companies, representing the savings of many millions of individuals—it has paid in interest more than a billion dollars.

From the beginning, the Pennsylvania has been a railroad built by the people for the people. The money to construct it as the shortest route between East and West came from people of all walks of life in the form of subscriptions to shares of $50 each, payable in ten $5 installments.

Today, with 13,167,754 shares outstanding, the average holding is only 61½ shares, and of the 214,995 stockholders of the railroad 106,139—or more than 49%—are women.

Thus, not only has the Pennsylvania Railroad served the American people through continually improving transportation at low cost—but through wages, dividends and interest (plus huge purchases of materials in the area served)—it has contributed vitally to the prosperity of communities and to the welfare and economic security of many thousands of American citizens.

PENNSYLVANIA RAILROAD

ONE HUNDRED YEARS OF TRANSPORTATION PROGRESS
To the Stockholders of Union Pacific Railroad Company:
The Board of Directors submits the following report for the year ended Dec. 31, 1945, for the Union Pacific Railroad Company, including Oregon Short Line Railroad Company, Oregon-Washington Railroad & Navigation Company, Los Angeles & Salt Lake Railroad Company and The St. Joseph and Grand Island Railroad Company, which properties are leased to the Union Pacific Railroad Company. The lessor companies have certain income and charges, and the figures in the Income Account, distributions relating to transportation operations, and in the Surplus Account and General Balance Sheet and tabulations and tables relating thereto are stated on a consolidated basis, excluding offsets accounting between the companies.

### INCOME

The operated mileage at close of year and income for the year 1943, compared with 1944, were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Operated Miles (At Close of Year)</th>
<th>1944</th>
<th>1943</th>
<th>Increase Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mileage</td>
<td>16,802,000.00</td>
<td>18,190,000.00</td>
<td>1,388,000.00</td>
<td>7.64</td>
</tr>
<tr>
<td>Miles of additional trunk lines</td>
<td>1,064,687.00</td>
<td>1,064,687.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Miles of track and switching</td>
<td>1,083,53,000.00</td>
<td>1,083,53,000.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Total Operated Miles</td>
<td>18,950,000.00</td>
<td>18,950,000.00</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

- **Transportation Operations**
  - Operating expenses: $462,157,971.00
  - Revenues: $564,852,915.00
  - Total income: $102,694,944.00

### TAXES

<table>
<thead>
<tr>
<th>State and county</th>
<th>1943</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska</td>
<td>101,550,000.00</td>
<td>101,550,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Kansas</td>
<td>90,000,000.00</td>
<td>90,000,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Wyoming</td>
<td>70,000,000.00</td>
<td>70,000,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Colorado</td>
<td>40,000,000.00</td>
<td>40,000,000.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### GENERAL BALANCE SHEET—ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>1943</th>
<th>1944</th>
<th>Increase Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment</td>
<td>$13,017,634,000.00</td>
<td>$13,017,634,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cash and temporary investments</td>
<td>$1,517,524,000.00</td>
<td>$1,517,524,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Liabilities and Net Worth</td>
<td>$3,360,000,000.00</td>
<td>$3,360,000,000.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### OPERATIONS

#### SURPLUS ACCOUNT

<table>
<thead>
<tr>
<th>Description</th>
<th>1943</th>
<th>1944</th>
<th>Increase Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from operation</td>
<td>$1,515,678,600.00</td>
<td>$1,515,678,600.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Net operation</td>
<td>$1,135,026,000.00</td>
<td>$1,135,026,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total operation</td>
<td>$1,135,026,000.00</td>
<td>$1,135,026,000.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>1943</th>
<th>1944</th>
<th>Increase Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>$3,974,432,000.00</td>
<td>$3,974,432,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Material</td>
<td>$1,355,933,000.00</td>
<td>$1,355,933,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other operating expenses &amp; services</td>
<td>$1,002,465,000.00</td>
<td>$1,002,465,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$5,332,830,000.00</td>
<td>$5,332,830,000.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

This information is presented in a tabular format, making it easier to analyze and understand the financial performance of the Union Pacific Railroad Company for the year ended December 31, 1945.
Worldwide Industry Expected For World Bank Bonds

(Continued from page 2354)

Yet in the largest, most significant countries ever attained by any means. They rather reflect the difference between short-term and long-term positions. This distinction is well known and understood in the domestic field but not always sufficiently considered in the financial relations. Of course, there is no immediate relation between a company’s long-term indebtedness and its ability to trade. In many cases, a country may wish to raise long-term capital, and that will normally require some sort of fund balance.

In countries where international trade and financial relations require quite considerable short-term balances to meet its current obligations. At the same time, the country may be eager to borrow abroad on a long-term basis for the development of its international resources and facilities. Not only the Treasury and the Central Bank of the United States, but also those in many of the major countries, have established or are in the process of setting up central banks to handle their foreign exchange needs. Thus there are strong indications that the growing demand for World Bank bonds will accumulate in large part in those countries with active support of the respective governments.

Short-term vs. Long-term

The question may be asked why commercial banks abroad cannot purchase bonds from the World Bank should be willing and able to purchase its bonds at the same time. As a matter of fact, these two pro-

NYSE Borrowings

Higher in March

The New York Stock Exchange announced on April 2, that the total of money borrowed by brokers on the Stock Exchange member firms as the close of business on March 30, was $850,924,783, as compared with $841,536,163 on February 28. This is the highest level for the year so far, according to the Exchange's monthly report. The total of money borrowed from banks, brokers, and other lenders in the United States, excluding borrowings from other member firms or this country's national securities exchanges, (1) on direct obligations of the United States, (2) on all other collateral $482,165,807; reported by New York Exchange member firms as the close of business on March 30, 1944, being $860,170,763. The total of money borrowed, compiled on the same basis, as at the close of business on February 28, 1946, was (1) on direct obligations of the United States Government $585,496,686; (2) on all other collateral $482,165,807, as reported by New York Exchange member firms for the close of business on February 28, 1946, being $860,170,763.
Security Traders Association of New York


Edward C. Werle, Vice-Chairman, N. Y. Curb Exchange; Frank Donne, Duane & Co.; Robt. McConnaughay, SEC; Peter T. Byrne, SEC.


Paul Moreland, Moreland & Co., Detroit; Ricky Goodnap, Cohn & Torrey; John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.; Joseph Nye, Freeman & Co.

Tenth Annual Dinner, April 26, 1946


Ralph Dimpl, Edward A. Purcell & Co.; Lou Walker, National Quotation Bureau; Edgar K. Sheppard, Frederick B. Robinson & Co., Inc.


Ben Van Keegan, Frank C. Masterson & Co.; Bill Kunn, Dunne & Co.; George Leone, Frank C. Masterson & Co.


John McLaughlin, McLaughlin, Reus & Co.; Peter T. Byrne, SEC; James Caffrey, SEC; Allen Macfuffie, formerly SEC Attorney.

Held at the Waldorf-Astoria


Record Attendance at Anniversary Party


Rand McNally Directory Shows Largest Bank Assets Ever Reported

The first 1946 edition of the Rand McNally Bankers Directory (Bankers Blue Book), just issued, indicates that financing industrial expansion is now easier than at any time in history, due to the fact that American banks have total assets of $179,117,240,000.

Of this huge total $141,253,903,000 are, at present, invested in securities and loans. However, only $30,694,729,000 is represented by loans. This is only about 16% of total deposits, which are over $187,600,000,000, whereas individual banks sometimes have had loans totaling as much as 50% of their deposits. The other earning assets are Government securities to a total of nearly $102,000,000,000 and other securities to a total of over $8,500,000,000.

Figures as large as these have never before appeared in the "Blue Book." While we have fewer banks than we had in 1921, their assets are tremendously larger and their facilities for lending to industry are greatly increased—increased in such an extent, as a matter of fact, that the limit of financing is not apparent.

The rediscount privileges provided by the Federal Reserve System make it possible for member banks to rediscount notes and thus increase their lending to business. Never has there been a time when more than 16% of the bank credit available has been in actual use by borrowers. This includes the amount available through rediscounts.

Another recent development is the loan syndicate made up of several banks. If a loan is too large for one bank, a syndicate may be formed of two or more banks to handle the entire amount.

Another factor interesting to industry is that loans for longer periods are now being made. The "Blue Book" also shows that, while total capital of all banks is a little over $3,000,000,000, surplus is $2,250,000,000 and undivided profits and reserves are nearly $2,000,000,000. Surplus and undivided profits are safety factors which have been recognized by bank management with the result that these amounts have been greatly increased in recent years.

There are now 14,908 banks—5,025 National banks, 9,434 State banks and 1,705 private banks. The first 1946 edition of the "Blue Book," revised to March, 1946, and containing 2,468 pages of banking and financial information, includes the latest available statements, nearest banking points to all non-bank towns, a five-year list of discontinued banks, all bank associations and Government banking agencies and the FDIC status of all banks. A separate bound book listing the attorneys for every bank town accompanies each copy of the directory. Latest maps of each State and all foreign countries adds a great deal to the information and reference value of the book.

Exchange of Brazil Bonds

The National City Bank of New York, as Depository, announces today that United States of Brazil 4½% dollar bonds of 1944, series 1 to 30, inclusive, in definitive form are now available for exchange for outstanding temporary bonds at its Corporate Trust Department in New York City.
Effect of Large Bank Deposits, Currency on Inflation

Most of the ideas we shall advance may sound strange to you business leaders. In anticipation of this, may I quote Webster, the famous chief lumber the Board of the United Press, who lost his life in a train accident during the blackout. In his book, "I Found No Peace," Miller says, "The most important thing I learned professionally was that the truth about anything is difficult to obtain; that the more you study the various aspects of any particular subject, the more you will find there is not exactly what you expected, and that you will have learned that the only way to remove this is to find the fault in one’s own thinking about anything is to know little or nothing of that subject."

Our economic dilemma is that we want many things and we must pay for them, but the supply of goods is not as large as the demand. Any one of the following developments can solve our problem and avert wild inflation:

1. Decrease in demand.
2. An increase in the supply of goods, rather than an increase in prices.
3. Increase in supply of goods. Let me suggest these three one by one and judge the possibilities and probabilities of each case.

First, the commonly accepted "huge unfilled backlog of demand" will be considered. Five years ago, as a representative of the public, I sat in an off-the-record meeting of manufacturing, business leaders, and bankers in which the bureaucrats and the manufacturers, the people who control our credit regulation, would reduce the inflamed purchases and in turn create a backlog of demand to cushion the depression, which we anticipated after the end of the European war. I said at that time, and I have said at every opportunity since, that we know there is an inflation sale not made during the war, which will start next year and so on is economic mechanisms.

In America we buy not things because we have to, but because we want them, even need them, but because we want them. Installment buying, of all our buying, is the most beneficially buying, as the French trying to do it, and we can’t put perceptual demand and put it another way.

Instead of a backlog of demand consisting of the installment sales, which were not made during the war, it is entirely possible that sales resistance may have been increased.

Too many people have found out how long things will wear and give good service. The induced resistance of a free new and improved model will not be as effective as it was before the war because many people have learned the old New Model. And I have a model "Make it: do or don’t do it."

Of course, there is a demand for goods outside the war, but the total amount of this is not a question of thought. These statistics of which we speak, "wrinkling wheels," falling apart on our highways, are largely an indication that we have an American ear, which is taken care of, even when out of our country. Our Connick neighbor, Jimmy Melton, frequently drives an 1899 locomotive or a 1909 Ford.

There is also a very strong demand because of population increase, credit conditions, and favorable business outlook. But, believe me, after this initial rush, there will still be over much quicker than you think, salesmen will be needed as never before. One of my reasons for this statement is that the public has been oversold on the wondrous new products which are produced by the American industry. The electronic kitchen does sound so much more exciting than one with an electric stove, refrigerator, and dishwasher.

You may say, how about the orders on the books of dealers? Let me call to your attention two examples. Last Friday, in New England, I was down to the railroad and there was a man who asked a man in a position of $25 on a firm order for a Gravely Lawn Mower. His answer was, "Why not? I have made deposits on several other makes and I would rather have this one." If you will permit me to be personal, I have orders with five different dealers for one new type of General Electric combination refrigerator and freezer unit and unified. And I would like to know when the man who gets his shipment first from the factory gets the sale and the other two get cancellations?

Order pyramiding is rampant all along the line today, just as it was in 1919, in 1922, and in 1923 after World War I. In was in marketing at that time, and I well remember how we would first order a small order to see what the man would deliver. If he delivered, we would order 10 times what we needed on the real thing. I have been swamped with cancellations, which I later learned were cancellations, bankruptcy, insured, from coast to coast. To summarize, other than nyons, houses, and one or two other categories, the American people are going to push down walls to buy goods, regardless of the answer you do not believe that the "five-gross backlog of demand" will prove to be largely an economic mirage, which will take its place beside some of the other great economic fallacies to which the American people have from time to time been so wholeheartedly subscribed.

Let us now take a look at the new concept generated by the enormous volume of liquidity purchasing power, particularly money and bank deposits, in the hands of our people. Admittedly, they have reached fantastic levels. In 1922, the Federal Reserve banks created $3,000,000,000,000 in new bank reserves, which went into banks reserves, sales, and deposits, and there is little possibility that, to the extent that these bonds were sold, the Reserve Banks, reserves, and deposits, or even the amount of deficit financing an equivalent amount of money in circulation. To put it another way, the whole of the public debt has placed in the hands of corporations and individuals an additional $12,000,000,000 to spend over and over again—money which they would not have had otherwise.

To give you just one more statistic, the total of adjusted deposits and currency outside the banks was at the beginning of the year $175,000,000,000.

The economists take one look at these swollen totals and proceed to work on their charts. They reason that, since there is an equivalent increase in the quantity of money, there is a heavy demand for all kinds of things, and we are sold on the moveable.

I can assure you, however, that the die is cast, although we are not breaking into print on the question of the good sense of the bankers and the people, and the fact that we have saved inflation.

In other words, we are not saving ourselves from that time, but it has never gotten out of our heads that the total quantity of money and credit is too large.

4. Our banks, corporations, and individuals may have been fighting the war with the strongest financial position possible, but with respect to the credit situation, most of us are in the same boat as any country in the world.

5. Since the war ended without direct war damage at home and with productive factories operating at the full capacity of the government, and without the disregard of the International monetary system, in our country, it is true that we are still in the middle of a half a chance, our industrial machine can produce not only the goods we need, but an enormous production for export, produced for most of the world in war time. These export possibilities are vast.

President F. D. R. announced that prices in the United States are based on the gold content of the dollar was lowered, but things didn’t work out "according to expectations."

Certainly this enormous swollen volume of liquidity and purchasing power is dangerous. In February, in a talk before the Navy War College, I told our future admirals that it could be likened to the lions of high finance and the purr of the magazine of a warship. Special prewar gold reserves and gold in the possession of the people are absolutely necessary to live with $700,000 to $800,000,000 in gold reserves, but there is no more necessity of this than there is of the man to live in a glass bow because the glass can live with, if we are careful and take care of it.

This passive role of quantity theory was realized by the Federal Reserve Bank. According to the quantity theory, the economists, who take a look at the rate of deposits and currency in the hands of the public, immediately conclude that wild inflation cannot be avoided, do not give enough consideration to certain factors which are present in the American monetary system. If the quantity theory were not present in any country in the world, then the quantity theorists would be right. Recently, in a talk before the students of the New York University, I told them that they should read the entire financial history of the American people, who are already on a luxury basis by European standards, and who are quite different from making public policy for other people. I believe that the people have not the elec-
Disclosure Facts in Advertising and in Securities

SEC Regulations

When regulation came it was met with varied reception. The public welcomed the acts passed by Congress, but the securities industry and the investment community accepted them reluctantly. It is an unfortunate but historically significant fact that full disclosure and regulation have been accepted in advertising and in public issues because of the pressure of events. But the effects of the legislation were not immediate, and the increased costs of securities issuers were not realized in the early years of their operation. Many issuers were able to meet the obligations of the new laws by means of expensive advertising campaigns and by means of increased legal fees. The public was not aware of the increased costs, and the industry continued to prosper.

The general public is also of the opinion that there continues today in financial circles a stubborn resistance to governmental control, no matter what its nature or scope. This is an erroneous impression. Statutes in effect today have been made wisely as safeguards for the public interest and healthy and beneficial to the industry. Many Wall Street transactions, including the exchanges, welcomed from the beginning the assistance of such legislation as would make the danger of exploitation in the reorganization of the securities business for its future welfare.

We have government regulation. But we also have self-regulation. It is in competent self-regulation that we see the investor protected from the investing public and the public protected from the investor. Each of these must be guarded, but the public interest can be served best by guarding the rights of each. The exchanges have gone beyond existing statutory authority in protecting the investor and in protecting the public. The exchanges and their members have gone beyond existing statutory authority in protecting the public. The exchanges have gone beyond existing statutory authority in protecting the investor and in protecting the public. The exchanges have gone beyond existing statutory authority in protecting the investor and in protecting the public.

The gains from the campaign thus far are a credit to the organizations and the consumers. To the investor, the gains have been in proportion to the benefits. To the public, the gains have been in proportion to the benefits. To the public, the gains have been in proportion to the benefits.

The Course of Reform

Reform in your profession and in mine followed much the same course and its aims were closely allied. A few fattigened men in Wall Street began to realize the importance of the campaign furthering self-regulation and self-enforcement by the securities industry for the protection of their business. The self-imposed standards of the industry have been raised to the highest standards of the first voluntary standards of 1913 and 1914 through the fair and just rules that are in force today, and are a model for the world. The self-imposed standards of the industry have been raised to the highest standards of the first voluntary standards of 1913 and 1914 through the fair and just rules that are in force today, and are a model for the world. The self-imposed standards of the industry have been raised to the highest standards of the first voluntary standards of 1913 and 1914 through the fair and just rules that are in force today, and are a model for the world.

Surveys show a conviction in the minds of the public, that all of the reforms which have been achieved are in the best interests of the business itself and that the public relations have been improved. Surveys show a conviction in the minds of the public, that all of the reforms which have been achieved are in the best interests of the business itself and that the public relations have been improved. Surveys show a conviction in the minds of the public, that all of the reforms which have been achieved are in the best interests of the business itself and that the public relations have been improved.

The Fahnestock government, in announcing the changes, when the stock market indicated an upswing, was met with nothing but contempt and ridicule. The announcement of the changes, when the stock market indicated an upswing, was met with nothing but contempt and ridicule. The announcement of the changes, when the stock market indicated an upswing, was met with nothing but contempt and ridicule.
Solving Transportation Problem

(continued from page 2381)

The thought was clearly the
one which influenced Congress
when it enacted the national transpor-
tation policy in the pre-
ceding year, the year of 1940. While there may be some
question as to whether or not in
which this Act has been applied to
transportation and while there
may be conflicts of policy in
various acts for the regulation of
different segments of the transpor-
tation industry, I doubt if it
would be incorrect to state
in English language words that
would most clearly express the
predominant public interest in
transportation than those which
formulate the national transpor-
tation policy in the Act of 1940.

"Let me quote a portion of that
Act. I find that Congress as it
expressed itself in the preamble intended to, and I quote, "provide
for fair and impartial regulation of all modes of transportation sub-
ject to the provisions of this Act, so administered as to recognize
and preserve the interest advantages
of each; to promote safe, adequate, economical, and effi-
cient service and foster sound
American publications in transpor-
tation and among the several var-
eties of transportation in the
operation and maintenance of reason-
able charges for transportation
services and the economics of dis-
bursements, unities preferences or ad-
vanages, or unfair or destructive
competitive practices; to cooper-
ate with the several States and the
duly authorized official thereof;
and to encourage fair wages and
equitable working conditions."

The Growth of Transportation Industry

Now, that Act, of course, was
written sixty years ago. Transpor-
tation is a growing industry. It has
never been so great in any city as
it was in the years of 1940. We have
in the last but one of the last decades
achieved new heights in their
businesses, and the growth has been
like problems of a competition
which has occurred in several of
the cities which have been foreseen even six years ago. They are sharply challenging
the predominance of the older, the
flagging system of rail transporta-
tion. This is particularly in view of the fact that it is
greatly aided by government
support and the aid of the man-
agers of the railroads and for
which advantage they have
set up in many of their
improbabilities. The nature of
this competition has brought us to
a sharp realization that the very
thing that has made this nation
great—freedom of competition—
if, permitted to run an un-
broken course, in the field
of transportation, destroy the effi-
ciency of our most important pub-
lic service.

I firmly believe that if Congress
 cannot devise a formula that will
provide for a privately financed transpor-
tation to serve the people, and
make a profit for investors, in
competition with government-
aided transport, we must face a
most unpleasant alternative:
the nationalization of other
industries to follow as surely as
eight follows day.

Do you know that there is a
total of eighty-five billion, three
hundred million dollars invested
in our public transportation?
Fifty billions of this have been
invested in motor vehicles for
parked facilities which need no
return on the investment.
Contrast this with the slightly
more than forty-five billions of private
vehicle votes which need a
return on the investment.

And let us not forget that this
vehicle votes which need a
return on the investment.

We may well ask what has been
the theory upon which this Republic was founded? Was
not the idea of the framers of the
Constitution that the public
transporter was to be the servant of
the people? We have the evidence
of the early days. There
was a time when, the
railroad tycoon, through
a few rich railroad tycoons were the
only sufferers from competition
of government capital. Whatever
may have been the recommendations of the
thousands of the railroads,
big and small, that greater
interests by policies that take
away from the rich private investors. The real owners
of transportation today are life in-
insurance companies, banks
depositors, beneficiaries of
trust funds, insurance
agents, able foundations, colleges
and universities, and people of
relatively small investors.

The heads that roll into the
baskets of the insurance company
bankruptcies falls are not those
of the big bosses; the heads of
our friends and neighbors
who are the real owners of
transportation. This has not been
composed of some of the ablest
people; it has been composed of
men for themselves. I believe that the
record of our Framers would be
that it is a public service.

A Path to the Nationalization
of all Industry

There is also another fact that
we should not overlook. There is
no more certain path to the
nationalization of such an essen-
tial thing as transportation
than the dashing up of the sources
of public revenues and the
heaping upon the backs of the
people.

In the words of the Honorable
Monsanto Chemical Company
Cumulative Preference Stock, Series A
No Par Value — $3.25 Dividend
(Convertible Into Common Stock Prior to June 1, 1956)

The Company offered to the holders of its Common Stock during a subscription period which
existed at 9 P.M., on April 24, 1946, rights to subscribe to shares of the Cumulative Preference Stock in
diviend of $3.25 per share at a price of $100.00 per share. Of the total of 316,967 shares thus offered to holders of the Company's
Common Stock, there were taken up in the exchange 68,967 shares. The undersigned, having purchased from the Company, and have sold, the remaining 4,666 shares.

Smith, Barney & Co.

April 24, 1946

New Issue

316,967 Shares*

*The Company offered to the holders of its Common Stock during a subscription period which
existed at 9 P.M., on April 24, 1946, rights to subscribe to shares of the Cumulative Preference Stock in
diviend of $3.25 per share at a price of $100.50 per share. Of the total of 316,967 shares thus offered to holders of the Company's
Common Stock, there were taken up in the exchange 68,967 shares. The undersigned, having purchased from the Company, and have sold, the remaining 4,666 shares.

New Issue

316,967 Shares*
The National Debt and the Individual Investor

The scope of our inquiry and its objectives are
These topics are grouped under
different headings. The first is
specifically Transportation Policy. 

Under the heading of "Regula-
tion" we hope to evoke construc-
tive discussion of the advantages and disadvantages of separate regulation of the railroads, the
advantages and disadvantages of a
regulatory body and comment on
the suggestion frequently "advan-
taged" by some members of the 
Parliament in this and pre-
vious sessions of Congress.

We have tried to make these
suggested topics something differ-
ent from any specific or trade
ideas. They are topics for discus-
sion. They are subjects for com-
ment. And furthermore if any-
one cares to say no on an
subject not covered by the Com-
mittee document, he can just in-
clude his remarks in the report.

In closing I wish to emphasize again that the feeling among the members of our Committee is that it is not a ques-
tion that self-interest is mere;
ly a part and not the whole of
any question of regulation. This
complicated economy of ours, par-
ticularly since the war, is all but
submerged in problems created
by war.

It would be unrealistic not to
recognize the fact that the war
has left a heavy debt which will
be with us for a very long time.

Full production will produce
its own purchasing power. Wheels of
consumption will provide
sufficient purchasing power to
yield national income for the
year 1923 of $82,000,000,000,
according to the latest De-
partment of Labor estimates
against an all-time high of $80,
000,000,000 in 1945. At least $50,
000,000,000 of this National debt
will be available for savings after
tax, as compared with $24,000,
000,000 in the immediate pre-
war period, an increase of
about 2.3% decrease.

The figure is only a partial
total. One cannot talk total
capital losses. 

Combined sales of manufactured
and mixed gas in March were
about $200,000,000 a decrease
of $50,000,000 from the February
level.

The index number of man-
ufactured and mixed gas sales
are very high, 190.3, March,

Manufactured and mixed
gas sales in the 12-month period
ending March 31, 1943, were
$170,700,000, representing a
gain of 0.7% over the comparable
period last year.

Natural gas sales, amounting to
2,800,000,000 million cubic feet,
were increased 0.9% from sales of
2,108,000,000 for the same period
a year ago.

The Association’s natural gas
sales during the 12-month period
ending March 31, 1943, were
182.3 (1923-1934=100).

Natural gas sales were
approximately $10,000,000,000 in
the 12-month period ending
March 31, 1943, a decrease of
10.1% as compared with the same
period ending March 31, 1942.

The price for gas sales figures
are not complete and include
marketed through non-utility
channels.

A therm is a unit of mea-
asurement of gas used. It is
accounted in cubic feet or cubic
feet equivalent on the average to
170 cubic feet of manufactured
and mixed gas, or 126 cubic feet of
natural gas.

The National Bank and the Individual Investor

The National Bank and the Individual Investor

People Still Buying Savings Bonds

Perhaps some of you are still
skeptical. Some of you are still
really interested in Savings Bonds.

We have been in the process of
selling U. S. Savings Bonds, Se-
nior Series of 1943, for the pe-
riod of 1943 amounted to $2,208,
000,000, or a net sale of $1,727,700,000, or a net sale of

The program for the sale of the
1943 series is under way and we
expect to sell $75% of the sales made in the first
quarter of 1943 when we were in

The June program will promote
the purchase of additional bonds
and their retention to maturity. It
is not intended to increase the
public debt, but to maintain widespread
ownership of Government Obligations.

Country-wide ownership of the
United States Government Bonds is the
best possible insurance for con-
sumers. The Government offers the
consumer the opportunity to make temporary personal loans on
life and other type of free enter-
prise.

In connection with the June
promotion program the Committee on
cooperation of the banks in
helping to the attention of
American people the desirability and
availability of U. S. Savings Bonds.

We have prepared new and
posters: "BACK YOUR FUTURE" 

We ask that you place at least one line on
Savings Bonds in your advertising throughout
the year.

We also ask that you purchase
one of the special advertisements for the
Savings Bonds campaign.

We ask that you cooperate with our
program to reach school pupils with the
plan for Savings Bonds and Stamps.

We ask that you bank cooperates
with our education program to
reach school pupils with the

80,000 Shares $1.00 Cumulative Preferred Stock

Of these shares, 7,185 shares have been issued by the Company to
holders of its $1.40 Cumulative Preferred Stock, Class "A" (par $25.00 a
share) pursuant to its Exchange Offer. The remaining 6,815 shares have
been purchased and sold by the underwriters.

26,799 Shares Common Stock

Of these 26,295 shares were subscribed for upon the exchange of
Subscription Warrants issued to the holders of Common Stock of the
Company. The remaining 504 shares have been purchased and sold by
the underwriters.

MORGAN STANLEY & CO. COGGESHALL & HICKS
G. H. WALKER & CO. WHITE, WELD & CO.

Peninsular Telephone Company

50,000 Shares $1.00 Cumulative Preferred Stock

(Par Value $5.00 a share)

6,759 Shares Common Stock

M. F. Day, President

G. H. Walker & Co., White, Weld & Company

 fixture for FRASER

\text{paragraphs}
Dangers of Government Foreign Lending

Weaver of Speech, This photograph shows the wire of a switchboard. After the switchboard is made, there is the last step of connecting the telephone system. It takes thousands of man hours to wire a switchboard for just one city.

"We're coming your way with switchboards"

It takes time to make them and a lot of time to put them in. But we're busy putting them in.

We've made a dent in the pile of orders where the principal shortage was a telephone instrument. Most of the longer waits are where switchboards and new telephone buildings are needed.

You can be sure of this: We're putting everything we have into the job of getting our telephone service back to normal. And then, making it better than ever.

BELL TELEPHONE SYSTEM
The two governments also agree that within a year they will cease to impose restrictions on payments and credits. This action, with certain very definite exceptions, will put an end to the removal of such restrictions, which as much as they do the United States. Britain agrees that if it imposes any restrictions, it will be for a limited time, to discriminate against American exporters.

They may impose quotas on imports but cannot start any imports from the United States. They do not agree that they will have to pay dollars to buy automobiles, that they will not be allowed to buy goods in Canada.

If, in the future, the British Government imposes any barriers to the importation of goods into Great Britain, the United States Government will, if notified, endeavor to arrange for the removal of such barriers.

Of course, that nullifies any agreement to the effect that the British will not discriminate against America by imposing quotas on imports. They are free to discriminate against Americans, to make it impossible for us to buy goods in Great Britain unless the British Government imports them. Of course, they are free to discriminate against the British.

"The way to remain an international market for sterling, it is said, is to be drawn upon your way to destroy that sterling area is to force the drain of gold in order to pay for the imports, and to pay for that, you have to reduce the price of sterling."

Great Britain, it is said, is opposed to that, and it will not apply exchange controls to restrict payments to the United States for purchases of goods, services, or for services. It will not be possible to exchange sterling for dollars in the United States, according to the United States Government. Great Britain might impose controls which would prevent payment by a British bank, even for imports permitted to be made, and in spite of this loan agreement. The dollar has not been sold, but that would affect the dollar, which money runs out, but Britain, unable to obtain dollars, can go back on the pound sterling at the same time, which is what the dollar has been doing for a long time.

Mr. President, article VII provided that if dollars become scarce in the world, or if they are devalued, the Bretton Woods Fund to be set up, any country may draw upon that fund to supply this country. In other words, any country could supply us with the dollars we need if the dollar were to become a scarce currency.

Great Britain might impose controls which would prevent payment by a British bank, even for imports permitted to be made, and in spite of this loan agreement. The dollar has not been sold, but that would affect the dollar, which money runs out, but Britain, unable to obtain dollars, can go back on the pound sterling at the same time, which is what the dollar has been doing for a long time.

"It may be noted that the United Kingdom does not agree to reduce taxes or to change monetary systems to offset the drain of Imperial financial institutions. We cannot agree to any conditions that would apply to this country, and we are not prepared to agree to a condition that we may propose, and in any case the condition that we may propose, will be in our interests."

Mr. President, I do not know whether or not you have seen the original text of the agreement. It is a very long and complex document, and it is not easy to understand its meaning.

There is a provision in the agreement that if the United Kingdom should experience a financial crisis, it will have the right to impose certain restrictions on the movement of capital and current payments. However, the agreement also states that these restrictions must be applied in consultation with the United States Government.

The agreement further states that the United Kingdom will not impose any restrictions on the movement of capital or current payments unless it is necessary to do so in order to maintain the stability of its currency.

The United States Government, on the other hand, is committed to maintaining the stability of the dollar and to supporting the sterling area. The agreement provides that the United States Government will support the sterling area in case of a crisis and will provide assistance if necessary.

In conclusion, I would like to emphasize that the United Kingdom is committed to maintaining the stability of its currency and to supporting the sterling area. However, it is also committed to maintaining the stability of the dollar and to supporting the United States economy. The agreement provides a framework for the two countries to work together in order to achieve these goals.
Dangers of Government Foreign Lending

(Continued from page 2381) Investments in American dollars amounted to about $4,175,000,000, including $3,000,000,000 for the RFC. The loan which is secured by that pledge now amounts to less than $280,000,000, leaving to Great Britain net assets in the United States of $1,475,000,000. The RFC could not, in my opinion, hold British loans in reserve for the purpose of lowering the dollar's price. It would have to write off the dollar by replacing the American dollars which have been loaned to Britain.

It is not certain that other countries will follow Britain's example. The war controls, which were a result of the war, caused the British to lose control of their currency. They have been forced to use it only as a medium of exchange, and the result has been that the dollar's price has been lowered. The British would like to have the dollar stabilized at its present level, and they are willing to pay the price for the stabilization of the dollar.

It is not certain that other countries will follow Britain's example. The war controls, which were a result of the war, caused the British to lose control of their currency. They have been forced to use it only as a medium of exchange, and the result has been that the dollar's price has been lowered. The British would like to have the dollar stabilized at its present level, and they are willing to pay the price for the stabilization of the dollar.

It is not certain that other countries will follow Britain's example. The war controls, which were a result of the war, caused the British to lose control of their currency. They have been forced to use it only as a medium of exchange, and the result has been that the dollar's price has been lowered. The British would like to have the dollar stabilized at its present level, and they are willing to pay the price for the stabilization of the dollar.

It is not certain that other countries will follow Britain's example. The war controls, which were a result of the war, caused the British to lose control of their currency. They have been forced to use it only as a medium of exchange, and the result has been that the dollar's price has been lowered. The British would like to have the dollar stabilized at its present level, and they are willing to pay the price for the stabilization of the dollar.


**Streamlining the Gold-Coin Standard**

Continued from page 2533)

| Volume 163 | Number 4486 | THE COMMERCIAL & FINANCIAL CHRONICLE | 2387 |

This requires much more attention than it has received thus far.

In the United States, for instance, there is much room for preventive measures to reduce the hazards of a gold-standard crisis. Runs on banks in this country could be reduced to negligible proportions with proper organization and a little common sense. For example, all our commercial bank boards should be members of the Federal Reserve System. They would be better able to act at any point of weakness at which a run might start. It is a serious matter to be able to say that such a unified system of Federal Reserve banks would have been tapped in the bull and that condition avoided. Deposit insurance is a preventive measure of the proper kind. It is not enough to do that which is easy; the cost is reduced as more and more banks enter into the system.

Such preventive measures might also be taken on banks and panic hoarding of gold by a system in which every man could buy and sell. But additional fire escapes can be provided. Member banks of the Federal Reserve System should assume the same responsibility for all illiquid assets on their respective Federal Reserve banks to obtain credit for gold or metallic money if this is demanded. Each Federal Reserve bank should have the power to draw on all other Reserve banks when this is necessary until all Federal Reserve banks prove inadequate to meet the general crisis. Indeed, it has been the fashion among certain critics of the gold standard to take the position, as if it were an article of faith, that the public at a rate of return sufficiently high to induce them to own it would be well advised to leave gold assets to some Government agency for investment. The Reserve Corporation, which is in charge of all the Reserve assets in the United States, would be able to purchase for goods and services in the United States during the years 1946, 1947, and 1948. Provided that the character of such purchases shall be subject to restriction under the provisions of the Export Control Act, and the President in his discretion may determine the extent to which such purchases may be made.

**The Gold Standard and Human Nature**

The gold standard has been condemned because it has withstood all attempts to change it. It is well to remember that when the latest panacea was tried, when the world had experienced an economic collapse, beginning approximately in this country in 1929, and when values of most things were at their lowest, the world of gold, not gold only but gold and silver, was the only thing that seemed to matter. It is worth mentioning that the world of gold was the only thing that seemed to matter. It is worth mentioning that the world of gold was the only thing that seemed to matter. It is worth mentioning that the world of gold was the only thing that seemed to matter.

The gold standard is one of the most potent weapons which a people can have in their fight against totalitarianism or government. It is an agent of gold and silver which a people have in their fight against totalitarianism or government. It is an agent of gold and silver which a people have in their fight against totalitarianism or government.
Strikes and Shortages

(Continued from page 2350)

meat and beef of both metals are "fixed" far too low. Strikes and shortages or strikes and follow.

It is natural to note at this point the news that Government authorities fear the after-effects of the second "anti-inflation" campaign, now that the public has been fully informed of the cost of living. The previous campaign had been relatively successful, but it has now been renewed, and both sides of the nation are now paying attention to the problem of prices.

First, the key to the building shortages is in the shortage of labor and materials. This key short¬age of labor is due to the bad wage-price policies adopted under mismanagement of "Government control and "social planning." Let those who profess to fear the run away inflation of 1920 answer these questions:

Why didn't we have a labor shortage and restricted production in those days? Which is better, the larger black-market high prices of today, or the stimulated production of the '20s?

In the first place, we have too much government in business, and in the present its influence is felt in the increasing prices of everything including government itself. The government is the only white knight available for the benefit of human beings of all ages.

The practical answer to the problem of different prices among states is to testify in Washington, the usual obstinacy and pet ideolog¬icalism of the government in favor. With some group of voters who are un¬necessary, they have the little incentive to efficiency.

Two big weaknesses of government economic management are among the voters:

(1) It cannot foresee and predict the working of economic management to a great extent, hence it is due partly to the failure to get the necessary materials and partly to the difficulty of the situation.

(2) It does not merely make mistakes, it makes big mistakes. The greatest mistake of the government does in a sweeping way, it gives vast power to the government to destroy the security of the business, "business" is run by the government, and the government has different ideas and policies, each experimenting with his own way, each is responsible. The result is a diversified social risk. Blackmail, unions, etc.

(3) The spirit of the labor is to be "fixed" in one wage-price pol¬icy.

(4) The government makes its big mistakes, it is slow to correct it, hence in correcting its bad pricing of but¬ter, it will do more harm to the individual and the shipper and critic.

In our New Deal experiments with the government control over econom¬ies, we found:

What is the anti-revolution of?

First, get the government out of business. The government is in business in any business in which competition can work.

Second, the government as a regulator of prices can cause a government of the means of selecting prices and appointing the government to return to the expert and socially responsible and not, as 'the experts' say, "the government's mistakes, what's the use"

Third, abolish our legislation, with the idea of perfecting competition. It can be made fairer, and at the same time keener. We should have no new laws and no discriminations; no price-fixing; no wage laws; no profit; and no taxation. If our goal is: (1) incentives to max¬imize; (2) production; equal oppor¬tunity.

Fourth, quit this business of Government control, and bring in the better. Then we will get back to a sound monetary system and a consumer system.

Carrying on the discussion of our country's business, we will say first that we should clinic the government to eliminate the current of break down "social planning." This is apparent in the fact that you have to go to a bunch of collectivists, and accept dicta¬torship by the government in the comparative freedom of com¬merce. We will then try to say in advance that, in my opinion, an improved economic system as a social planner is not possible.

In the place, we have too much government in business, and in the present its influence is felt in the increasing prices of everything including government itself. The government is the only white knight available for the benefit of human beings of all ages.

But equally important is the fact of differences among us—difer¬ences in economics, as well as in tastes, mo¬dernizing but are always present. We find a number of people are trying to wipe them out by schemes for "equality," just as we find a number of politicians living in their own social classes or castes.

the practical answer to the problem of different prices among states is to testify in Washington, the usual obstinacy and pet ideolog¬icalism of the government in favor. With some group of voters who are un¬necessary, they have the little incentive to efficiency.

Each man should do his best. This is different from another man's. So no two should get exactly the same earning. This will essentially be the pre¬sent situation, and we should not approximate it, the better.

First, the incentive system should be based on efficiency. There are wide differences among enterp¬risees, and corresponding differences in the low profit of the "mar¬ket economy". The new profit of the superi¬rity of the "market economy" is the same, a new profit of enterprises, and we greatly restrict production. (Look at carpet and lead today.)

Uniform prices for the same product, made by producers having dif¬ferent costs, mean big profits for the low-cost one. It is the only way to induce the labor to produce a market.

The solution to our problem is in the government's mistakes, what's the use? solution to our problem is in the government's mistakes, what's the use?
The Future of Interest Rates

(Continued from page 2322)

The easy money policy of our monetary authorities, that is, Treasury and Federal Reserve officials, has been in no small measure responsible for the results in excess in the money supply and the relatively low, if non-existent, interest rates. The Treasury sold to the commercial banks vast amounts of its obligations and the Federal Reserve Banks have made readily available the desired reserves for the resultant expansion in deposits.

To complete the explanation of the factors which have determined interest rates, however, two more factors must be considered, both of which must be recognized as elements of the theory of competition for loans and investments and the relationship of the one to the other as regarded to risks.

The theory of competition holds that if loans have been kept among banks and has been accepted, and the money in circulation is not being increased, the result is that many loan and money investments have been made, and the rates of interest prevalent in the field of investments it has been found that the lower level of rates has been a determining factor in keeping reserve policies in check. 

The theory has itself had a depressing effect on rates and when combined with optimistic relationships in the money market has resulted in the still lower rates being maintained. The result is that both the reserves and loans and investments have been used to advantage by the commercial banks, and the demand for money in the form of deposits and the demand for funds, on the policies of our monetary authorities and the condition among those with funds to employ them and those who need funds for interest and income have been well told the story of the effects of competition among banks.

Future Rates

So much for the level of interest rates today. Now as to the future. In my opinion the level of rates will depend largely on the same set factors as those responsible for current rates, namely, the level of demand for and supply of money, on the policies of our monetary authorities and the condition of competition among those with funds to employ them and those who need funds for interest and income. 

In considering the supply of money, therefore, we must take into account the fact that in which is in existence, but also so many other factors as those representing the demand for and demand for money, on the policies of our monetary authorities and the condition of competition among those with funds to employ them and those who need funds for interest and income. The potential supply is enormous. It is represented largely by U. S. Government obligations, bank deposits, commercial bank reserves and others. When again, the demand for money is that of the public, both for current and for future needs. The flow to commercial banks and allow them to expand deposits by allowing the public to hold existing reserves of legal reserves for depositors. Currently, each rate for the country as a whole permit of an expansion in demand de-

The Federal Reserve Bank of St. Louis
Digitized for FRASER
The Threat of Inflation

(Continued from first page) Individuals have increased their holdings of money far more than their holdings of government securities. According to the estimates of the Securities and Exchange Commission, individuals have saved $70.1 billion in cash and bank deposits in the six years ending in 1945, and $33.9 billion in government securities. Two-thirds of the present holdings of cash and bank deposits of individuals are estimated to belong to persons with incomes of $5,000 or less.

The great rise in money and liquid assets relative to production creates the danger of having disorderly rise in prices. This is aggravated by the fact that the accumulation of liquid resources has been accompanied by an unprecedented accumulation of needs. Several years will be required before this enormous accumulation of needs has been met. This means several years more of strong sellers’ markets in most branches of industry. The upward pressure on prices from liquid resources and accumulated needs is being reinforced by stiff wage demands from organized labor. The American labor movement is by far the largest, most powerful, and most aggressive that the world has ever seen. Encouraged and assisted by the government, it has already pushed large wage increases since V-J Day. The problem of keeping the unions in a strong bargaining position for the next several years. In addition, the labor movement at present is far more segmental than it is divided, and because it has many new unions led by ambitious men who are eager to win for themselves places of power and influence in the labor movement, these facts indicate that the upward pressure of unions on wages has just commenced. Large new wage demands will be presented next winter. If they are here and if they rise, prices will result in still more wage demands in the following winter.

Inevitable Rise in Prices

All of this means that a general rise in prices for several years at least is almost inevitable. Only a large and sudden burst of technological progress can prevent it. The danger of a large and disorderly rise in prices has been aggravated by the slow recovery of civilian production after the war. Compared to the expectations of many people, incomes, employment, and demand have been well sustained. Incomes are only 5% below a year ago and retail sales have been running more than 15% above last year. The big disappointment of conversion has been production. During the first quarter of 1946, the output of non-durable manufactured goods was 5% below 1945. The output of durable manufactured goods has been shockingly low. It was 20% less in the first quarter of 1946 than in the last quarter of 1945. It is now eight months after V-J Day. In that time, after allowing for all reasonable expansion in demand, we should have made over 2,000,000 automobiles. Only 300,000 have been made, and even today output of cars is only half the planned expansion.

Preventive Steps to Be Taken

What policies does the present situation demand? A general rise in prices is not necessarily bad. It would, for example, help other countries to sell us their goods and thus help to overcome the chronic shortage of dollar exchange which has retarded the expansion of world trade. It is important, however, that any rise in prices be kept down to a moderate and speculative buying. The essential problem which confronts the country, therefore, is not how to prevent the rise in prices, but how to keep the rise moderate and to keep it orderly and free from speculative excesses. Four principal steps should be taken. They are:

1. Limiting further increase in demand deposits.
2. Keeping the demand for goods on the part of the government to a minimum.
3. Improving the administration of OPA.
4. Keeping the producing costs from rising rapidly—or better still, reducing them.

Let us examine briefly each one of these four main steps.

1. Limiting the further increase in demand deposits. Since the basic reason for the danger of a price rise has been the large increase in money relative to production, further growth of demand deposits should be kept at a minimum. There are three principal ways of limiting the rise in demand deposits:
   a. Balancing the budget.
   b. Paying off part of the government debt held by the banks.
   c. Controlling the expansion of the commercial bank credit.

   (a) Balancing the budget. A budget deficit does not lead to an increase in demand deposits provided it is directly financed out of the savings of individuals or corporations rather than by the Federal government. There will be a large industrial demand for the savings of individuals or corporations. If the deficit would have to be financed to a considerable extent by further expansion of bank credit. Consequently, balancing the budget is an imperative step in controlling inflation.
   
   (b) Paying off part of the government debt held by the banks. The commercial banks have held as much as $80 billion of the public debt. Repaying the banks their holdings of series E demand deposits. The government has already announced its intention of paying part of the outstanding government-held series E debt. The deficit surplus would, of course, help the government reduce the deficit and may reduce the price rise. The extent that the government continues to sell bonds to non-banks, the effect of repaying part of the debt will be to reduce the demand for the series E debt and thereby reduce the price level.
   
   (c) Controlling the expansion of the commercial bank credit. This proposed limiting the expansion of bank credit have been suggested. These include increasing the discount rate, reducing the guarantee and other special reserve government loans, reducing the bank capital and holding the supervisory power of the government over the Federal Reserve Banks. I do not intend to discuss these proposals here. All of them would limit the expansion of credit which is a necessary step in controlling inflation.

2. Keeping the demand for goods on the part of the government to a minimum. The government, both federal and national, governments, as well as the government of the United States, has increased its purchases of consumer goods. In the last six years, the government has increased its expenditures for consumer goods by $35.1 billion. The government should not spend more for consumer goods than the government of the United States could have spent in the same period after 1939 on schools, highways, and other public works. It is highly probable that this is a more immediate and effective way of reducing the price level than the increase in the national debt.

3. Improving the administration of OPA. The government has estimated that the cost of national defense will drop from $48.8 billion in the fiscal year 1945 to about $33 billion in the fiscal year 1946. Other expenditures, however, are expected to rise somewhat, making a total outlay of about $35.4 billion.

4. Keeping the producing costs from rising rapidly—or better still, reducing them. There will be no large price rise this year. Since the basic reason for the danger of a price rise has been the large increase in money relative to production, further growth of demand deposits should be kept at a minimum. There are three principal ways of limiting the rise in demand deposits:

   a. Balancing the budget.
   b. Paying off part of the government debt held by the banks.
   c. Controlling the expansion of the commercial bank credit.

   (a) Balancing the budget. A budget deficit does not lead to an increase in demand deposits provided it is directly financed out of the savings of individuals or corporations rather than by the Federal government. There will be a large industrial demand for the savings of individuals or corporations. If the deficit would have to be financed to a considerable extent by further expansion of bank credit. Consequently, balancing the budget is an imperative step in controlling inflation.

   (b) Paying off part of the government debt held by the banks. The commercial banks have held as much as $80 billion of the public debt. Repaying the banks their holdings of series E demand deposits. The government has already announced its intention of paying part of the outstanding government-held series E debt. The deficit surplus would, of course, help the government reduce the deficit and may reduce the price rise. The extent that the government continues to sell bonds to non-banks, the effect of repaying part of the debt will be to reduce the demand for the series E debt and thereby reduce the price level.

   (c) Controlling the expansion of the commercial bank credit. This proposed limiting the expansion of bank credit have been suggested. These include increasing the discount rate, reducing the guarantee and other special reserve government loans, reducing the bank capital and holding the supervisory power of the government over the Federal Reserve Banks. I do not intend to discuss these proposals here. All of them would limit the expansion of credit which is a necessary step in controlling inflation.

5. Keeping the demand for goods on the part of the government to a minimum. The government, both federal and national, governments, as well as the government of the United States, has increased its purchases of consumer goods. In the last six years, the government has increased its expenditures for consumer goods by $35.1 billion. The government should not spend more for consumer goods than the government of the United States could have spent in the same period after 1939 on schools, highways, and other public works. It is highly probable that this is a more immediate and effective way of reducing the price level than the increase in the national debt.

6. Improving the administration of OPA. The government has estimated that the cost of national defense will drop from $48.8 billion in the fiscal year 1945 to about $33 billion in the fiscal year 1946. Other expenditures, however, are expected to rise somewhat, making a total outlay of about $35.4 billion.

This announcement is neither an offer to sell nor a solicitation to buy any of the securities. The offering is made only by the Prospectus.

New Issue

500,000 Shares

TACA AIRWAYS, S.A.

(Incorporated under the laws of the Republic of Panama)

Capital Stock

(Par Value per share—$5 currency of the United States of America)

Price $15.50 per share

Copies of the Prospectus are obtainable from only such of the undersigned as may legally offer the securities in compliance with the securities laws of the respective states.


E. W. Clark & Co.

May 2, 1946.
Some business men have already pointed out how false is the impression of OPA except in certain fields, such as rents. This, in the main, is true. But the whole thing would require business to act in concert and this is rather an elusive matter. A disorderly rise in prices before proper action by the government would be a disaster. The demand for the immediate termination of OPA has been based on an argument that OPA price regulations are responsible for the inflation by reducing the producing power of labor.

It is easy to point out instances where OPA regulations are limiting the output of particular items or particular grades of goods. It does not mean that because production is a whole is being limited. With demand of goods in excess of productive capacity, the fact that a few of article A is being restricted in this way is not the best gauge by which to look at the total state of things, nor is it the best barometer of unemployment figures. Despite the short-comings of OPA, businessmen are not likely to hire more labor than they can. A total of $2,000,000 last year unemployment is also a little lowest the labor market has seen in a generation. Moreover, labor is not likely to find work, especially in some of the very industries where OPA has been accused of limiting production.

Many people advocate continuous termination of OPA. The termination of OPA will be practically impossible, as far as I can see. It seems to me to be open to question the demand of $50 billion of deferred demand to be faced with. If the deferred demand has been made up to now, and only a small fraction of the total deferred order of next year. Possibly there will be a change in the policy of goods to avert an explosive rise in prices by the time the order is terminated a year hence. No one today, however, should assume that this will be an easy matter. The order of conditions rather than to put OPA to a new stay date. Business should consider that OPA is something to itself to avert an explosive rise in prices when price control ceases.

Quite apart from the date when OPA control is to cease, the continued application of OPA in the administration of OPA, is greatly needed. Possibly, it also seems to be gradually occurring. Improved ad-

miration of OPA needs to be based upon a modified conception of the purpose of OPA. The idea that it is to be prevalent that the full force of OPA can be brought to bear is probably close to where they are. This conception no longer fits the fact that OPA is being applied to a great extent as explained in prices. This does not mean that the OPA should be applied to every article. As a matter of fact, it really means that the OPA should work together in the sense that a large and not a small number of factors will not necessitate a substantial modification of OPA. OPA is a key to speculative buying when OPA is eventually terminated. Improved ad-

miration of OPA should also aim at a better definition of OPA. There may be many instances where manu-

facturers would be able to sell as much of their output to OPA as to other buyers. But some of OPA's restrictions are also where the price structure, not only limiting the
total employment of labor, does not include the production of labor, and labor is made manufac-
turers to abandon making arti-
cles when the prices are expected to be at such higher prices and to shift to the production of new and unfamiliar articles.

Kepping Down Production Costs

4. Keeping production costs down is of the utmost importance. We touch the most important part of the solution. It is impossible to follow the orders that price range be reduced only if price rises, if there is no fundamental change in the production of OPA out of existence. If prices are not held down while labor costs rise, any increase in prices will be used as the basis for wage demands. The only real problem is that wages are rising against rising wages bringing about labor costs and a spiral of price-wage advances is continuing. Labor obviously at this high level. Labor obviously is as much under pressure as ever it is to rise over per manhour as any one else. But if a given effect that prices rise as a result of wage increases, labor does not get a chance to make its voice heard. There is no logical basis for every increase in prices if wages rise.

Profit Margin Cannot Absorb Absorption of Price Increases

Many people believe that there is a wide margin of profits which can absorb price increases, as such increases are absorbed in costs. This is erroneous. If one compares the effect of OPA corporations as one enterprise, a 10% rise in payroll with some sort of labor, and a 6% rise in profits, mainly wages (though it is true that wages are on the rise) are less than about two-thirds. Cor-

porations alone of any kind. It is true that there is still a margin which is sufficient to induce the employer to increase wages, but a margin which is needed to maintain high employment.

Rivalry among unions is increasing as wages go up. The employer will stiffen his wage demands and to press these demands regardless of the shooting for higher wages. It is plain that it will not be easy to keep the rise in prices order and free from speculative buying. Furthermore, the danger is likely to be acute for at least another year and probably longer.

This is the estimate of Fabrichi, who is writing the "Statistical Handbook of New York," 1938.

National Policy for Aviation—Planning pamphlet 75-32

Federal Reserve Bank of St. Louis

http://fraser.stlouisfed.org/

Digitized for FRASER

The announcement is neither an offer to sell, nor a solicitation of offers to buy, any of these shares.

The offer is made only by the Prospectus.

95,000 Shares

CAPITOL RECORDS, INC.

Common Stock

Par Value 25 Cents Per Share

Price $19.50 per Share

Copies of the Prospectus may be obtained within any state from any one of the undersigned dealers, who are authorized to deal in the unitized shares of this company. Only the Prospectus in such states.

Lee Higginson Corporation

Carl M. Leeb, Rhodes & Co. & Co.

A. C. Allyn and Company

Incorporated

Reynolds & Co.

E. H. Rollins & Sons

Incorporated

April 30, 1946.
**Stock Market Outlook**

(Continued from page 258)

Little is yet in the way of clear cut evidence for early resumption of coal mining operations, and a reminder of industrial paralyzation, far more serious than that attending the steel strike earlier in the year, seems in order. This is in turn would, if continued, adversely affect earnings prospects for the current year, but repercussions market-wise will hardly be of more than minor proportions.

And, if so, it would provide worthwhile buying opportunities, particularly to those offered in the February-April period earlier in the year. The coal strike, like the steel strike or any other major industry strike, was without that economic effect as it stops production for civilian consumption.

Moreover, the coal strike too, will most surely be settled on an inflationary basis. That the coal strike as a market factor, is of an inflationary rather than a deflationary import over the longer term.

**Field Day**

Despite the rather drab near-term market outlook, a veritable field day is being witnessed in certain areas of the list.

Sensational gains in earnings exhibited by a number of companies, especially those exhibiting big first quarter gains, are now beginning to make appearances in volume that are attractive to the investing public with the result that price advances are being noted. This is especially true in the case of the large, well established companies, and is based primarily upon the publication of good news. Conoco, Xant, for instance, in reporting $3.09 for the first quarter compared with $1.42 for the same period a year ago, climbed about 10 points after the announcement was made. Conoco responded with a brisk advance of nearly a half a dozen points on the announcement of a two-for-one split and a boost in the dividend rate. Similar, although somewhat more moderate, responses greeted the second quarter report of $1.15 vs. $0.57; Sunshine Biscuit, $1.45 vs. $1.05; First Boston Corp., $2.59 vs. $1.62; National Gypsum, $0.42 vs. $0.15; Pacific Mills, $1.38 vs. $0.47; Van Raalte, $1.18 vs. $0.70; McKesson & Robbins, $1.14 vs. $0.57; U.S. Hoffmann Machining, $1.73 vs. $0.56; McGraw-Hill, $2.37 vs. $1.50; National Distillers, $3.50 vs. $1.25; Hayden Chemical, $1.65 vs. $1.05; First Chicago, $1.69 vs. $0.72; Williston Products, $1.01 vs. $0.37; and others.

**Earnings News**

The report of $682,000 for the quarter shows an increase of $29,000 over the corresponding period.

**Tomorrow's Markets**

*Says by Walter White*

Initial market support starting to melt as steps are slowly taken.

The market hasn't done anything of note in the past seven days. It sold off last Thursday and came back slightly on Friday and Saturday.

During its decline it created a little volume. But even that wasn't too important for on the succeeding recovery it had about the same volume.

One thing is becoming apparent to even the uninitiated. Stock market gyrations no longer attract any large or even sizable buying. Possible reason is that the greater majority of the public is holding about all the stock it can comfortably carry. And in recent weeks, even that hasn't been so comfortable. To add to holdings at this stage of the cycle, the market would have to attain a pace, accompanied by volume, which would whet the average holder's appetite. Dull, druggy markets cannot do it.

The fact that a dull druggy market exists at this writing is all to the good. The longer such a market persists, the less chance there is that a market break will come along to clear the outlook. What is the potential danger is that stocks will suddenly jump up again and establish new highs on light volume. If that occurs here, without an intervening reaction, or dullness of sufficient length, you can almost assure that the market which will break of its own will.

If you take a good look at the market for the past few days, or even weeks, you will see that the ordinary stocks, the ones the public is long off, are doing comparatively nothing. The best performers are those that are at the high-priced issues the public is seldom long off, though it talks about them frequently. It is these high-priced stocks which make up the averages. So while the market, as measured by the average, appears to be doing very little, there are some stocks being sold up and make a new high, the popular stocks held by the public, stand still or down fractionally.

To see behind this action and judge it dispassionately, take a look at the performance of the high-priced issues which do recently have a somewhat of a public interest. These stocks go up nicely with the averages. But on declines these same stocks sink lower than individual market action seems to call for. Theory behind this is disturbed selling of high-priced issues on the cheaper and medium-priced ones.

Fallacy of this kind of lightening is that it leaves the holder with weak issues which will probably become weaker as time goes on.

In the past few weeks this column has concentrated its buying advice on the better, steadier stocks. There is a great increase of price that recommendations were made; it was because of market action. It has felt, however, that such action must be persistent. Any slipping away underneath a price figure would be a sign that everything was no longer alright. Last week you saw the top most of the four stocks previously bought here broke through their stops. These factors that profits were protected is flattering, but from a long range market operations viewpoint, not improbable. For what a stock sells under a stop it should be sold regardless of the profits or losses. It means positive action. But only through positive action can paper profits be converted into cash and losses cut short.

**Air Reduction,** bought at $22.50, sold at 61, and closed at 60. You sold it with about 2¼ points net profit. American Steel Founders bought at 42 and stopped at 27, gave you about 1½ points net profit. U. S. Steel bought at 82, stopped at 81, showed a loss of ½ point. Standard Electric Auto-Lite at 71, carries a stop at 72, profit-taking price at 80 or better. Super-Wheat is at 10 points net profit. Against that you still hold American Car & Foundry at 68, and should have sold at 70 or better, or stop at 65. Bethlehem bought at 90, stop at 95, was the only stock we regretted not selling. We were selling on the 6½-6½ stop, but 7½ at 74, will sell at 80 or better.

If all the above is followed you won't get rich. But next year you will be much either.

**More next Thursday.**

*Walter Whyte*

(The views expressed in this article do not necessarily coincide with those of the Chronicle. They are presented as those of the author only.)

Pacific Coast Securities

Organizations Executed on Pacific Coast Exchanges

Schwabacher & Co.

Members

New York Stock Exchange
New York Cotton Exchange
New York Coffee Exchange
Chicago Board of Trade

14 Wall Street New York N. Y.

N. Y. Cotton Exchange, Inc.
New York, N. Y.

225 Water Street New York, N. Y.

Pacific Coast Association

Pacific Coast, Oregon, Washington

2 Park Street Boston, Mass.

Baldwin & Company

111 Liberty Street New York, N. Y.

N. Y. Cotton Exchange, Inc.
New York, N. Y.

Chicago Board of Trade

14 Wall Street New York N. Y.

Private Wires to Principal Offices

New York, Chicago, San Francisco, Oakland, Seattle

Mills, Ogden & Co.

Established 1856

H. Hentz & Co.

New York Stock Exchange
New York Cotton Exchange
New York Coffee Exchange
Chicago Board of Trade

29 Wall Street New York N. Y.

Lamborn & Co.

99 Wall Street New York N. Y.

Sugar

Exports—Imports—Futures

Digit 4/2727

26,500 Shares

The New Haven Clock and Watch Company

4½ CumulativeConvertiblePreferredStock

Yield $2.00 per Share

Price $21.00 per Share

Reynolds & Co.

New Issue

May 7, 1946

The announcement is neither an offer to sell, nor a solicitation of offers to buy, any of these securities.

Copies of the Prospectus may be obtained from the undersigned or other underwriters named in the Prospectus in which these securities may legally offer these securities under applicable securities laws.

Reynolds & Co.
"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Federal Reserve Bank in the short period of 4½ months has gone through one of its wildest price movements, as a result of the speculative element in the market for attractive and speculative government securities.

To cite one example, the restricted bond, the 2% serials which the Treasury had sold 2½ months ago at a Government bond list ($116,000,000), which could have been purchased in the market at any time during the past 4½ months, would have been available for delivery at any time during that period by the Federal Reserve Bank, at a price, on average, of 94½, and yet the original offering price was 100. All of this was due not to a change in money rates or to speculative interest, but to the speculative interest that had been generated, and it is regarded as the most stable investment market in the world.

No Rising Interest Rates

The demoralizing part of these price movements came in the last month, when the Federal Reserve bond market during many successive trading sessions was without bids. Daily price changes for record purposes were limited to 8/32nds, which resulted in a chaotic market and a belief that a change was imminent. These price movements were from an adjustment immediately to levels where investors would be attracted by the income return that would be available once the market showed signs of stabilizing.

Late last week a mild rally took place, when it was rumored that the others would be lifted, and one of the large insurance companies bought an entire issue of corporate bonds at a price to yield 2.35%.

This latter deal indicated that the institutional investors were still looking for securities to put their funds into, but would rather have the stock market rise again than make an offer at a price to yield much less. They considered attractive. They also knew that large amounts of securities were being held by government banks at levels that had not been liquidated. Their only alternative was to wait until the market had largely completed its price decline. 

The Federal Reserve bond market, with prevailing interest rates in the narrow range, would have to rise to levels before yields lower than 2 1/4%, or 2 1/2% basis would be attractive to a large number of money market and short-term mortgage holders. The money market authorities gave tangible evidence of changing their attitude. It was indicated that they were not out of sympathy with the market readjustment.

PRICE RESTRICTIONS REMOVED

The Federal Reserve Bank on the New York Stock Exchange, several large blocks of restricted bonds traded at prices which showed declines from the previous close of as much as 22 1/2 points, after the price movement of a 3/8th point that had been in effect since 1943. The dealers were not willing to accept delivery for the close of Monday, because there was no real market yet among the dealers since these were purely quotes with no actual bids.

At 2 p.m., Tuesday, all price limitations were removed and a full trading day took place. The threatened price decline was not there at all, and the trading day was as well or as the New York Stock Exchange. Prices declined as much as three-quarters of a point in some of the longer restricted obligations, but later in the day bids improved and recoveries for the day ranged from one-quarter to one-third of the price decline.

It is believed that a good trading market will prevail for some time.

FINANCIAL DISTRICT PLEASED

The price limitations of 8/32nds was received in the financial district with a sigh of relief, since it is felt that the market will now quickly adjust its position to the changed conditions, and those who want to dispose of bonds can do so. The banks will be available, at levels that are attractive to investors, so that bonds can be moved from weak into strong bonds.

It may mean that for a few days the market will be irregularly, but in the longer run prices have to rise to meet the higher interest rates. It is believed that the old government market will prevail for some time.

INTEREST PATTERN UNCHANGING

The market has adjusted itself to these recent developments. The Fed has not altered its methods of buying. No one has decided to pay for the bumpy ride that investors, prices above those presently prevailing will most likely be with market conditions.

There will be no increase in the debt burden, which means continued low income of investors. It is the Fed's policy to make sure that interest rates will remain low, because this week's 2 1/20ths of a change in the bond market. The 2 1/80ths of a change in the bond market means continued low income of investors, which means continued low income of investors.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.

Federal Reserve Policies

The Federal Reserve Bank will continue to follow a policy of retiring a portion of the maturing obligations with surplus cash and refunding others with similar short-term obligations. If this policy is followed, long-term yields may decline even further. If, on the other hand, the Treasury were to convert a considerable portion of the maturing obligations now held by the banks into stock at 3% the long-term money rates would remain approximately the same. If the Treasury were to offer 4% long-term bonds, prices of these securities might be attractive.
Securities Salesman's Corner

BY JOHN DUTTON

"You Are the Best SEC"

In the final analysis the most valuable asset any securities
man can own, is a group of loyal, satisfied customers. You work
hard to build this asset, but don't sacrifice it for a foundation in a
few weeks, or months. It is one thing to go out and acquire a
few new customers. It is quite another to keep them, who are
more interested in getting something for nothing, and call them
customers. But that is not what we are here to do. That is the
job of the type of recognizable that the real solid organizations who
predominate in this business of ours, are interested in developing.
The practical man who is cognizant of this fact, knows only too well that first
he must take care of his customers. If he doesn't, his customers won't keep his
customers. The salesman who is cognizant of this fact, knows only too well that first
he must take care of his customers. If he doesn't, his customers won't keep his
customers. The salesman who is cognizant of this fact, knows only too well that first
he must take care of his customers. If he doesn't, his customers won't keep his
customers. The salesman who is cognizant of this fact, knows only too well that first
he must take care of his customers. If he doesn't, his customers won't keep his
customers. The salesman who is cognizant of this fact, knows only too well that first
he must take care of his customers. If he doesn't, his customers won't keep his
customers. The salesman who is cognizant of this fact, knows only too well that first
he must take care of his customers. If he doesn't, his customers won't keep his
customers. The salesman who is cognizant of this fact, knows only too well that first
he must take care of his customers. If he doesn't, his customers won't keep his

The Outlook for Interest Rates

(Continued from page 2351)

two important points. First, the gold standard is not
never will be validated. Some
suggested population increases in the world economy and
the inflationary process of mathemathematics. I
don't know what the interest rate
will be when the pendulum finally
inflated and a fortuitous calcu-
stances. Fortunately, the
fortunate buyer made pay-
the market, but there is just a
interest, perhaps the average paid
fits in, the interest rate might not
not a few paid something

Real Estate in the 1950's

In the early 1950's the picture
in the housing market was that
the National Association of Real

VOL. 22 NO. 47
1260 FOURTH ST.
ST. LOUIS, MO. 63103
THE COMMERClAL & FINANCIAL CHRONICLE
THURSDAY, MAY 2, 1946

 realtime translated text
treme measures to maintain a low
interest rate may be feeding the faster rising rates of the past six months, and
there is reason to believe that a
greater increase in Federal expendi
ture for goods and services will be
introduced by a very much higher in
flation.

We are attached to low int
erest rates as a matter of policy
and tradition, but the theory includes
the hypothesis that the economy is not
really approaching solvency and
tending to suffice itself in a too
rigidly deflationary picture. We see
available, investment demand.

Furthermore, in my view, we have
never lower rates to try to stimu
late recovery. There is something
prime necessities for: national

welfare. The interest rates being
charged to most universities today
are, I can assure you, a substan
tial power, to the extent that we
are using to days. Many of the fac

Under Any Circumstances Rates

will Remain Low in Historical

And at the same time that these
forces of public control are oper
ating, there are forces trying to
raise rates in the country for the
present are such that many of the
forces have rates low in historical
terms and without the pressure of much
competition. Granted that some of
these natural forces were artifi
cially heightened by the supply of money
and savings at present in
economic conditions. By the
means for loans from the mortgage
market, the automotive industry, the
farmers, and all others.

Today, the price of the public
infrastructure has been depressed by the
natural forces operating for
the past six months. One can see four possibilities for the
future—or two more than

The Four Possibilities

1. If it is necessary that this country is economically sen
sible, gravely deficient, and must be
affected iner
sibly with institutional impediments
to the appropriate flow of funds, and,
therefore, chronically
tected. If these conditions
ings, we shall for a long time in the
future have low interest rates,

2. If the country is economi
cally vigorous and if institutional
conscious of public action, we may
for some time have low interest rates,
and they could be even lower. The
result may adversely affect the rate of public action
which arbitrarily sets
forth a maximum rate below the
natural rate by the use of the
basis of the laws and the discussion of
true interest rates thus attained
work to stabilize and steady forward

1. Municipal News and Notes

Port of New York Authority

Observes 25th Anniversary

The 25th year of existence was observed on April 30 by the Port of New York Authority, which observed the occasion by its customary rule of "business
as usual." Although the Authori
ity had no celebration of any kind on
which to hang a story, it is only fitting and right at this time that we call attention to an or
ganization which has grown in a
quarter-century into really Big Business.

The Port of New York

Authority was created in 1921 in
response to a need for a solution to
the terminal and transportation prob
lems in the Port District. It was
organized as the corporate instru
mentality of the States of New
York and New Jersey, and to study
these problems, to make plans for
their solution, and to carry out those plans.

The Port of New York Dis

trict includes that part of the
Metropolitan district in New York
and New Jersey lying
within a radius of about 25 miles of the point of Liberty. Though commercially and
economically, the entire area is in two by a political boundary line. Prior to
the war, the Port of New York
and New Jersey had quarreled over
the rights of passengers, and since the war many crossings have
been established.

The 12 commissioners of the Port
Authority are appointed by the
Governor, six from each state. They serve for overlapping terms of six years and
receive no compensation except the satisfac
tion of serving their fellow citizens.

The Port Authority has been
commissioned for a job which has achieved distinction in public life, in
business, or in the professions. For
former Governors, bank presidents,
and outstanding businessmen serve as commissioners.

The Port Authority's bridges
across the Hudson River have
maintained the states of New York and New Jersey, and to study the
problems of the Port District. In
May, 1946, these world famous
structures carried 300,000,000
people. The importance of these facilities was emphasized during the war
when three-quarters of the traffic
was of a war essential nature.

The work in which the Authori
ity calls itself "first of its kind" and
has the positive objective of main
taining and extending the flow of traffic. This requires constant study of the
need for new facilities, such as new
terminals, highways, bridges, and
tunnel crossings, and the handling of freight and passengers for
newer traffic routes to
accommodate the changing demands of time and trade.

Financing

In his work on revenue bonds
John F. Power says that the
financing of the Port of New York Authority stands out as a
landmark in the history of revenue
bonds financing. Because the first
issues were much larger than any previous public offering of revenue
bonds, they were for an entirely new
type of facility, bridges, tunnels and
bridges, and, finally, because they introduced to the public
the first time agency
revenue bonds, issued by a new
form of body known as an "auth
ority."

During the past 20 years the
Authority has issued bonds for
new projects or refunding pur
poses of par value of $922,000,000,
which has been expended for
$274,666,000 activities of the
construction of new port facilities. Its re
serve...
Foreign Loans and Exchange Rates

(Continued from page 2351)

war for a devaluation of the pound is available for filling the yawning gap in its purchase of gold and foreign payments. With the gap filled by the loan, Britain can find itself with more gold than it needs, perhaps with the "gold content" of the pound would be tantamount to the war.

The solution to the Britain's problem, however, lies in the Bretton Woods agreements. The agreement with the International Monetary Fund (art. IV, section 9) prescribes the devaluation of the currency to the extent of 10 per cent. Whether or not that measure will be sufficient, it is clear that the deficit of the current account, estimated at over £3 billion in 1949, cannot be eliminated by a devaluation of 10 per cent. A devaluation of 25 per cent would be needed to eliminate the deficit, but that would be to the disadvantage of the British American trade relationships.

The devaluation of the pound would be an immediate help to the British. It would immediately raise the price of British exports, thus increasing the demand for them. The British would be able to earn more foreign exchange, and this would enable them to import more goods and services. The devaluation of the pound would also make British goods more competitive in the world market, thus increasing sales and improving the balance of payments.

The British government has been considering a devaluation of the pound for some time. It has been aware of the difficulties involved in such a move, but it has been forced to act in view of the serious situation. The devaluation of the pound would be an important step in the right direction.

The devaluation of the pound would also have important implications for other countries. The United States, for example, would be affected by the devaluation, as it would have to adjust its dollar exchange rate. The devaluation of the pound would also have implications for other European countries, which would have to adjust their exchange rates in response to the British devaluation. The devaluation of the pound would thus have a significant impact on the world economy.
Our Monetary Problems

(Continued from first page)
many of them may be and eager to hold their currency intact to avoid serious restraints as soon as we can. It is surprising to see how small business has accumulated huge reserves of liquidity and the public has a term of funds in the form of currency, bank deposits, and readily con-
verted securities. The public, even after paying taxes, has had a large excess of income relative to the services available for purchase. If the public had spent a larger share of its income, the result would have been a ruinous inflation.

Notwithstanding the fact that the government and the public are threatened by inflation and that tax receipt of $135 billion comprised about 40% of all funds borrowed from banks, the public debt rose from less than $20 billion before the war to a peak of approximately $27 billion.

Liquid Assets, An Enormous Inflationary Potential

This increase in debt inevitably means a heavy burden on the assets of the public. Liquid assets are composed of currency, bank deposits, and Government securities held by individuals and businesses, ex-
cept, of course, the $80 billion in taxes that are to be paid in excess of about $30 billion at the beginning of the war. This amounts to approximately $225 billion at the beginning of the year or $154 billion. This is an inflationary potential that dwarfs anything in our past.

As it has been the case in the past, the primary objective of government policy has been to provide monetary and credit conditions favorable to sustained sound economic activity in com-
mensuration with the public deficit.

In wartime this objective con-
tinued to be of great importance and the new军 is also new and is the military forces. Therefore, favored by the accumulated de-
manda for goods and abroad, the short-term supply of certain goods and the large purchasing power in the hands of the public of all is known, it is the only way to defray the costs of war. The primary, that has been seen in the past is to determine the amount of goods and services demanded by the devices used to implement this policy—war loan certificates. The issue of Government securities and the purchase of securities by the Federal Reserve Banks, and the public distribution of Government securities to non-bank investors. In spite of this, a large part of the public is issuing funds to buy goods and services, and the result is the enormous inflationary pressure that would be needed well before the dollar.

It is important to note that the immediate problem is the cost of Government as prices rise sharply. The increased cost would likely be deflationary unless there is a substantial de-

Private Savings Must Be Liquidated

To fight inflation we need to encourage continued savings by the public. The substantial liquidation of private savings is the situa-
tion that has already existed and now must be ended.

Continued Goods and Price Controls Necessary

The amount of trade in recent years in goods and services has been limited and the amount of money that will be available for spending in the future is uncertain. This situation has been further complicated by the uncertainty of future prices and wages. The public should be encouraged to save and to delay spending for the future. It is important that the public be made aware of the fact that the present inflationary pressure is not likely to be permanent and that there may be a more moderate rate of price increase in the future.

In conclusion, the government must be prepared to take the necessary steps to control inflation and to ensure a stable economic environment.

NEW ISSUE

$1,444,500*

The Norwalk Tire and Rubber Company
4% Convertible Debentures due April 15, 1938

*Less such Debentures as have been subscribed for by the stockholders of the Company.

Price 101 3/4

The Norwalk Tire and Rubber Company

(Continued on page 2986)

Carl M. Loeb, Rhoades & Co.

April 10, 1946

This advertisement is not an offer to sell an obligation of the Company but is an offer to buy the securities mentioned. The offer is made only by the Prospectus.

The Norwalk Tire and Rubber Company

4% Convertible Debentures due April 15, 1938

*Less such Debentures as have been subscribed for by the stockholders of the Company.

Price 101 3/4

The Norwalk Tire and Rubber Company

(Continued on page 2986)


Our Monetary Problems

(Continued from page 2387)

interest rates, in addition to the effect of the interest cost of the debt and
the increased taxes required to finance the debt. It is a rise in
which it has been the result in the liquidation of previous holdings of
Government securities by commercial banks. If this were to
result in a fall in the yields of Government securities, from
Federal Reserve Bank of St. Louis
Digitized for FRASER
[Image 0x0 to 701x1002]

bonds.

commercial banks

sult*

prevented from

short-term

method

attractive

Government

budget.

the

to

The

tempted

it

then

shift

reduction

supply

is

cash

has

and

weekly

$22

Reserve

Federal

day

Gold

Gold

system's

of

of the

of the

unnecessary

anti-inflationary

paying.

What

of

call-

or

Financing

and

of

and

In

of

or

to

cause,

and

to

us

and

solutions.

Policies

have

indefinitely.

The

of

and

bank loans

government

the

of the

Government

would be

to enable

have

the...
The Commercial Banks’ Role in War Financing

The commercial banks have been blamed for lending them- selves to this cheap money policy of the government authorities, but, with all deference, I suggest, Mr. Chairman, that this criticism involves a misapprehension of the situation and function of such banks. They could not and would not enter into a competitive market at a time and refuse to buy the government’s securities with the exact amount of money fixed for the purpose.

This is why, in my opinion, the banks did everything in their power to persuade their depositors to withdraw their deposits from the reserves of the government themselves; a refusal of the banks to take reserves of the banks to restrict inflation and check speculative buying activity that they could not go. Nor is it to be supposed that any good would have been accomplished. The commercial banks had refused to cooperate with the Federal Reserve policy. The only result would have been the collapse of the Reserve Banks would have had themselves, to buy the government’s securities while the banks refused to buy, with consequent tremendous increase in the amount of money inflation. The government’s war needs had to be met in any event.

It is said that the commercial banks have been kept from buying government securities because of the amount of money borrowed. He has the right to draw a comparison with the Treasury and speculate as to why the Treasury borrows as much that could not be reduced so well.

In the United States, we must have a reserve banking system, or the banks may have to borrow from the Reserve Bank or sell securities to get the money back. Furthermore, the total effect of all our depositors’ transactions may be a demand for money that could not be cleared against deposits (as recently it has been); and we must call loans, sell securities or borrow money.

Again, the aggregate of the inconvertible transactions of thousands of citizens, all of whom have spent their money in either expansion, or contraction of demand, is a factor in the economy which is just as important as the war loan deposit account of the government, which is impossible for commercial banks of any country as a whole to increase themselves, or may have excess reserves, or are already in the process of being reduced by gold imports or by the Federal Reserve Banks. It was for the very purpose of preventing war loans that they were provided with deposits in the banks, by requiring the banks to hold, in addition to the legal reserves they are required to keep for government purposes, a reserve in Treasury certificates, of the Treasury.

United States has no need thus to resort to forced loans from the commercial banks. Such banks have made, to the government, an arbitrary nationalization of a surplus amount of Treasury securities. It would hit individual banks differently, some would be required to cull government security holdings. It is not for the government, but for the society as a whole, to remedy the necessary evil situation. The government condition complained of, by freezing the war debt in the banks, has made the situation unavailable for the use of commercial banks.

The government, in its turn, cannot do it. The Federal Reserve alone can, by buying government securities.

Proposed Increase of Legal Reserves

Others propose to increase the proportion of the loans that the commercial banks with the government, to the extent of very much greater reserves are not needed unless the total volume of money in circulation is increased. The demand rate requirement is a measure of inflation controls. The increase is not evenly distributed among the banks. The increase reserve requirements, substantially 5% for the banks, is an immediate credit by commercial banks to their customers, and the failure of deposit recovery and employment.

The classical method of defending the gold standard and controlling the relative price of the dollar’s discount rate to whatever level might be necessary was through contractions of expansion of gold. The classical method was followed in 1920, when the war bank rate was 7%, and in 1929, when the bank rate again was made 6%, with the resulting result, we do not see the near future. That was because the action. Although the action was taken for the purpose of maintaining the gold standard, it was in each case contained these actions, but I certainly not 1, would repeat such drastic action now.

The gold standard, the increase in legal reserve requirements, is the method of inflicting control. It contributed decisively to bring on the depression of 1929. The rise in the rate of unemployment, depression of all valuable commodities was, to a certain extent, the result of the action. The above action, we would have to change the gold standard in 1929. The gold standard had been devalued and gold bars were now selling for more than the value of the gold contained in them.

One of the conditions that prevailed was that the gold imports were sterilized. A Presidential announcement was made about reducing the value of the dollar. And it happened that the cash appeal to thrift should be resumed. The amount of gold that could be held by the banks should be gradually reduced, not by coercion or by selling off, by selling off short and selling debt, and not by either inflation or deflation. In such a case—when, which, given peace and law and order in the world, it should be possible to maintain our country in its strength and resources should go forward, and continue to be the land of opportunity, and the home of free men.

United Transit Shares

Offered to Public

Harriman Ripley & Co., headed an banking investment group that made a public offering April 26 of 200,000 shares ($1 par) common stock of United Transit Co. at $1.50 a share. These shares are presently outstanding and the net proceeds of the sale will go to certain stockholding; no part will be received by the company. There is not hereafter a market for the common stock.

United Transit Co. is a holding company organized under the Delaware laws. Through eight subsidiaries, the company operates interurban, street, and trolley companies in Akron, Ohio, Minneapolis, Kansas City, Des Moines, Norfolk and Portsmouth, Va.; Nashville and Chattanooga, Tenn.; Akron, Ii., Des Moines, Ill., and Baboos, N. C. The holding company’s local transit systems has been in operation 10 years.

Capitalization of the company on Dec. 31, 1945, consisted of 6,000,000 5% sinking fund debentures, due Nov. 1, 1968, $1,000 per bond, 5% preferred stock, $50 par value, and 800,000 shares common stock at $1 par value. The company owns directly or indirectly all the stock of its subsidiaries, including all the stock of our common and funded debt of subsidiaries.

Golden Crown Mining Company

Common Stock

$1 Par Value

Price $2 Per Share

FRANK C. PORTER

52 William Street, New York 5, N. Y.
OPA Must Be Strengthened!

(Continued from page 2355)

As long as the OPA remains the major control on wages and prices, it must be strengthened, not weakened. The OPA is the only instrument we have to deal with the excesses of both labor and management.

The best way to strengthen the OPA is to give it the authority to control the wage rates of the workers. The OPA should be able to set wages for all workers in the economy, not just those covered by collective bargaining agreements.

In addition to controlling wages, the OPA should also control the prices of goods and services. This would help to prevent inflation and ensure that the prices of goods and services are reasonable.

The OPA should also be given the authority to set minimum wages for all workers. This would help to prevent wage theft and ensure that workers are paid a living wage.

The OPA should also be given the authority to control the amount of money that businesses can spend on advertising. This would help to prevent businesses from misleading consumers about the prices of their products.

The OPA should also be given the authority to control the amount of money that businesses can spend on lobbying. This would help to prevent businesses from influencing government decisions that would benefit them at the expense of consumers.

The OPA should also be given the authority to control the amount of money that businesses can spend on campaign contributions. This would help to prevent businesses from buying the votes of politicians.

The OPA should also be given the authority to control the amount of money that businesses can spend on campaign ads. This would help to prevent businesses from misleading consumers about the prices of their products.

The OPA should also be given the authority to control the amount of money that businesses can spend on political action committees. This would help to prevent businesses from influencing government decisions that would benefit them at the expense of consumers.

The OPA should also be given the authority to control the amount of money that businesses can spend on political parties. This would help to prevent businesses from buying the votes of politicians.

The OPA should also be given the authority to control the amount of money that businesses can spend on political campaigns. This would help to prevent businesses from misleading consumers about the prices of their products.

The OPA should also be given the authority to control the amount of money that businesses can spend on political consultants. This would help to prevent businesses from influencing government decisions that would benefit them at the expense of consumers.

The OPA should also be given the authority to control the amount of money that businesses can spend on political advertisements. This would help to prevent businesses from misleading consumers about the prices of their products.

The OPA should also be given the authority to control the amount of money that businesses can spend on political lawsuits. This would help to prevent businesses from buying the votes of politicians.

The OPA should also be given the authority to control the amount of money that businesses can spend on political donations. This would help to prevent businesses from buying the votes of politicians.

The OPA should also be given the authority to control the amount of money that businesses can spend on political endorsements. This would help to prevent businesses from buying the votes of politicians.

The OPA should also be given the authority to control the amount of money that businesses can spend on political speeches. This would help to prevent businesses from misleading consumers about the prices of their products.

The OPA should also be given the authority to control the amount of money that businesses can spend on political interviews. This would help to prevent businesses from misleading consumers about the prices of their products.

The OPA should also be given the authority to control the amount of money that businesses can spend on political appearances. This would help to prevent businesses from misleading consumers about the prices of their products.

The OPA should also be given the authority to control the amount of money that businesses can spend on political rallies. This would help to prevent businesses from misleading consumers about the prices of their products.
More Dealer Expressions on SEC's Proposed New Issue Regulation

(Collapsed from page 2351)

able. Sometimes for weeks and sometimes for months, it is published knowledge that certain securities are expected to be offered and our salesmen, and in fact, many of our clients, automatically inquire as to whether or not we have been informed of the fact. Since we can make no sales, we as a firm obviously must guess what position we should ask for in a selling group. On the three occasions when we have asked for position we have had assurance we were not being included in the selling group and when we were so favored the legitimate orders that we had for the securities were filled and the balance placed in the hands of those in larger and more active business. Since we have no assurance of this we do not wish to be put in the position of selling securities which will come from ourselves in the case of the dealers and which may come from our clients if we are included in the selling group and when we were so favored the legitimate orders that we had for the securities were filled and the balance placed in the hands of those in larger and more active business. If the public senses that a security is overpriced the dealer house may quickly find that it has asked for consider- ably more than it can sell. On the other hand, if the security in the case of the dealer is overpriced, the dealer may find its supply of the security totally inadequate to meet the demand. Without any wise condoning or favoring any departure in the method of distributing securities to the public, we naturally have to raise the question as to whether you are aware of the fact that houses frequently have to take losses as well as gains by taking commitments.

We take the view that the rule, in attempting to chastise a few, may seriously overlook the fact that houses which may receive some benefit from fast issues through a partial retention of the offering, may hereafter be prohibited from participating in such offerings altogether. A fair test of the other side, namely, the loss. Moreover, if no method can be evolved for trading in the securities for 30 days after offering date unless the public has assured all of them, we wonder how the SEC will operate in this matter. We are still at a loss as to whether or not we should establish which further seriously hamper the distribution of securities and we think the proposed rule would. Moreover, we think the idea of having such a rule applied to the underwriters which may violate the general good ethics of the business, and which we would saddle on a great many firms a totally unwarranted burden.

from participating in many new issues and is therefore not particularly nor selfishly concerned with, or effected by the SEC's recent brainstorms. As one commentator remarked—what has kept them asleep so long? It reminds me of the story of the tenant who was disturbed by a great commotion in the apartment above him, caused by the tenant of that apartment, who had been in quiet residence therein for several months, "bawling out" the superintendent on discovering that day for the first time that he could get no water to run into the bath tub or shower. We think the SEC is fully as dirty as that tenant and merely spoiling for a fight.

We did participate in the recent new issue of common and preferred stocks, incidently being forced to take much more of the preferred and much less of the common than we wanted and subscribed for. We sold all of our allotment of common at the issue price and within an hour of its confirmation to us—which apparently is Eapeed upon favorably by the SEC. If we had sold it at a seven or eight-point profit—as we could have done if we had not wished to "buy" good will which may never be a worth a cent to us, and as has been our general experience—then we suppose the SEC would say that we were bums and should not be put out of business immediately and not through the longer process which they evidently have in mind. We have just furnished the SEC with a statement covering our sales of common stocks for a three-day period beginning with the date of issue. They ignore later dates and prefer to sell stock only, which also went up sharply as soon as issued. We can only interpret this as a desire on their part to avoid securing the whole story. All that they want and will allow in evidence are facts which cannot be rebutted by methods will bolster some "point" which they wish to make.

DEALER NO. 11

Such a rule is highly objectionable. It has been suggested here that it apply only to purchases with capital funds of underwriters and members of selling groups. Even if this were done it would be impractical as was demonstrated recently when a member of a selling group found an issue in which he took a participation was not registered in all States where his firm did business and he begged the underwriter to take some of the stock off his hands which the underwriter finally did but only by taking a position for his own account. Various other ways in which rule would impede distribution of new securities could be cited by one that knows what it all about.

DEALER NO. 12

We're against rule. It would interfere with both large and small floatations.
United Nations Initiates Major Economic and Social Activities

(Continued from page 3956)

The primary objective of the UN is, after all, to "promote respect for, and observance of, human rights and fundamental freedoms for all," and this may not be as simple as it sounds. Nevertheless, the UN has already made significant progress in this direction. It has helped to establish international organizations and institutions to promote human rights, and it has played a key role in addressing issues such as poverty, inequality, and environmental sustainability. As a result, the UN has become a powerful force for change and a symbol of hope for millions of people around the world.

Economic and Employment Commission

One of the most important of the newly-created commissions is that dealing with economic and employment issues. The Economic and Employment Commission takes up such questions as the role of international labor movements, the organization of industrial and agricultural labor, and the development of labor standards and social security systems. It will be concerned with problems such as the balance of payments, the debt problem, and the creation of a world economic order. The Commission will also be responsible for the coordination of work carried out by the Economic and Social Council, the International Labor Organization, and other UN bodies involved in economic and social matters.

The Economic and Employment Commission will be composed of about 100 members, drawn from countries with different levels of economic development. This diversity is intended to ensure that the Commission's work is representative of the global economy and that its recommendations are sound and practical. The Commission will hold its first meeting in May 1946, and it is expected to produce its first report early in the following year.
Surplus Commodities

Some time within the next 18 months, the world may be faced once more with the problem of 'Surplus Commodities.' This item should also come within our competence and we should be prepared for action in the field of 'hardy goods world surplus.' In this connection the Commission should consider the work in cooperation with its counterpart in the International Trade Organization.

Reconstruction

Intermediate, between the short- and the long-term problems, is the problem of reconstruction. Certain aspects of this matter are discussed in detail in the report of the Committee on Reconstruction.

"I feel that the Commission should concern itself at the earliest possible moment, with the problems of reconstruction and in particular the formation of the manufacture and purchase of certain key production and consumption goods. There are also the practical problems of the sharing of the world's capital resources. Each of the various governments has its own reconstruction plans. In too many instances, however, it is left to the various governments themselves to determine whether these plans will achieve their purpose and whether they will not create new and more difficult problems."

Ultimately if we are to have economic stability and full employment in the various national economies, both the extent and the rate at which this will be accomplished will be determined by how far we can prevent major shocks from taking into consideration international relationships and other national requirements.

The Social Commission

The Social Commission had its initial meeting Monday morning. It is charged with the responsibility of making reports on the activities of the International Labor Office, United Nations, and the International Labor Council.
Securitys Now in Registration

- **Indicates Additions Since Previous Issue**
- **Aston Financial Corp., New York**
  - April 2 (letter of notification) 5,948 shares of class B stock (par $10). The stock is being offered to holders of class A stock for 80% of par value.
- **Automatic Signal Corp., East Norwalk, Conn.**
  - April 30 (letter of notification) 8,765 shares of common stock (par $1). The stock is being offered to holders of common stock for 4%% of par value. Payment may be made at any time up to May 31 (3 p.m., EDTST). Proceeds—Capital purposes. Not underwritten.
- **Barium Steel Corp., S. E. Canton, O.**
  - March 30 filed 350,000 shares of common stock (par $1). Underwriters—Laids, Bissell & Meeds. Offering—Price to public by public sale. Proceeds—Advances to subsidiaries for working capital, for purchase of equipment, for development of properties, etc. For details see issue of April 4.
- **Behman House, Inc., New York**
  - April 29 (letter of notification) 300 shares of preferred stock (par $100). The stock is being offered to holders of common stock for $1,500,000. Payment $100 share. Proceeds—Expansion of business. For details see issue of April 4.
- **Bendix Airplane Co., Pittsburgh, Pa.**
  - March 31 filed 570,000 shares of common stock (par $1). The stock is being sold for the account of the estate of E. J. Dorn, Inc. Offering—Price to public by public sale. Proceeds—$1,750,000 for the purchase of additional machinery and equipment for the operation of the business. For details see issue of April 4.
- **Mammut Manufacturing Co., Inc., Montgomery, Ala.**
  - April 3 filed 1,000,000 shares of common (par $1). Underwriters—No underwriting. Proceeds—to be used for the purpose of acquiring title to the site for the new factory, the purchase of plant, machinery and equipment, and for the expansion of the business. Proceeds—Retail mail order business. For details see issue of April 4.
- **American Textile Corp., Inc., Wilmington, Del.**
  - April 23 (letter of notification) 5,002 shares common stock (par $1). Offering—Price to public by public sale. Proceeds—Sale of the company’s better to be used principally for the construction of additional buildings and the purchase of machinery and equipment for use in these buildings. Proceeds—For general corporate purposes. For details see issue of April 4.
- **Bendix Corporation, New York**
  - March 28 filed 20,000,000 16-year debentures, 100,000,000 5% cumulative preferred stock (par $50), and 1,250,000 shares common stock (no par). Underwriters—Debt, Roy & Co., and Allen, Dunham & Co. Offering—Price to public by public sale. Proceeds—For the acquisition of new facilities. For details see issue of April 4.
- **Beneficial Industrial Loan Corp., Wilmington, Del.**
  - April 18 filed 200,000,000 16-year debentures, 100,000,000 5% cumulative preferred stock (par $50) and 1,250,000 shares common stock (no par). Underwriters—Debt, Roy & Co., and Allen, Dunham & Co. Offering—Price to public by public sale. Proceeds—For the acquisition of new facilities. For details see issue of April 4.

**Securities Law**

- **Arkansas-Missouri Power Corp., Bluffton, Ark.**
  - April 23 filed 46,000 shares of common stock (par $5). The shares are being sold for the account of five stockholders. Underwriters—G. H. Walker & Co. and Edward L. Gill Co. Offering—Price to public by public sale. Proceeds—For the purpose of constructing a new power plant. For details see issue of April 4.
- **Aro Equipment Corp., Bryan, Ohio**
  - March 14 filed 50,000 shares of cumulative preferred stock, 4%% series (par $50) and 30,000 shares of common (par $2). Underwriters—Central Republic Bank, Bryan, Ohio. Offering—Price to public by public sale. For details see issue of March 21.

**Corporate and Public Financing**

- **The First Boston Corporation**
  - New York — Boston — Chicago and other cities

**Specialists in**

- United States Government Securities
- State and Municipal Bonds

**C. J. DEVEE & CO. INC.**

- 48 WALL ST., NEW YORK, N.Y., HAZARD 2-5782

- Chicago — Boston — Philadelphia — Pittsburgh — Cleveland

- Cincinnati — St. Louis — San Francisco

- Underwriters and Distributors of
  - Corporate and Municipal Securities
  - Kidder, Peabody & Co.

- Founded 1865

- Members of the New York and Boston Stock Exchanges

- New York — Boston — Cincinnati — Philadelphia — Cleveland — San Francisco — St. Louis
**New Issue Calendar**

(Shewing probable date of offering)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>May 3, 1946</td>
<td>Brower, Inc.</td>
<td></td>
<td></td>
<td>United Wallpaper, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 4, 1946</td>
<td>Roberts &amp; Manders Corp.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 6, 1946</td>
<td>Davidson Bros. Inc.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 7, 1946</td>
<td>Areo Equipment Corp.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 8, 1946</td>
<td>City Investing Co.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 10, 1946</td>
<td>Dumont (Allen B.) Laboratories, Inc.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 11, 1946</td>
<td>National Dallas News Corp.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 12, 1946</td>
<td>Arkansas-Missouri Power Corp.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 13, 1946</td>
<td>The Mariner Midland Trust Company of New York</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 14, 1946</td>
<td>Aiken's Inc.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 15, 1946</td>
<td>Colored Corp.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 16, 1946</td>
<td>Peers Casualty Co.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 18, 1946</td>
<td>Bingham Stamping Co.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 19, 1946</td>
<td>Automatic Signal Co.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 24, 1946</td>
<td>Caterpillar Tractor Co.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 27, 1946</td>
<td>Paulsboro Mfg. Co.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 31, 1946</td>
<td>Air Products, Inc.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 1, 1946</td>
<td>United Grocers Co.</td>
<td></td>
<td></td>
<td>Preferred</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**UNDERWRITERS—DISTRIBUTORS—DEALERS**

- **Industrial, Public Utility, Railroad and Street Railway Securities**
- **Hemphill, Noyes & Co.**
  - Member New York Stock Exchange

**LEE HIGGINSON CORPORATION**

**INVESTMENT SECURITIES**

- Underwriters, Distributors and Dealers

- New York
- Boston
- Chicago
Securities Now in Registration

(Continued from page 2403)

shares are part of a recent offering or an aggregate of sales made by a company in Canada, its own shareholders at $5 (Canadian) per share. Underwriters are Dominion Securities Ltd., Toronto, and M. C. Dunlop & Co., Ltd., Montreal. Price is $5.18 (Canadian) per share, or the United States equivalent. For details see issue of Feb. 14.


Hoffman Radio Corp., Los Angeles, Calif. (5/10) March 26 filed 120,000 shares of common stock (par $1), in connection with the acquisition of the remaining shares of the common stock of the company held by J. E. Claypool. Underwriters—W. E. Boston & Co. Price to public by amendment. Proceeds—Additional working capital. Price $6 per share. Proceeds—$71,213 to redeem preferred stock and approximately $40,000,000 to retire bank borrowings; balance for working capital. For details see issue of April 4.

Holly Stores, Inc., New York, N.Y. (5/9) April 10, 32,000 shares 5% cumulative convertible preferred (par $25), and 100,000 shares of common stock (par $1). Underwriters—Pierce & Gp., J. H. Pierce & Co. Price to public by amendment. Proceeds—Additional working capital. For details see issue of April 8.


Indicates additions since previous issue

of the war and with machinery and equipment markets again free, the company has already embarked upon a program of expansion which involves the installation of additional equipment in the plants and the additions of facilities in accordance with the plans for modernization and product design changes contemplatated through the war period. Orders for machinery and equipment, all delivered in 1945, are valued at $2,000,000. Business—Automobiles, light delivery trucks and replacement parts thereof.

Lynch Corporation, Anderson, Ind. March 25 filed 75,000 shares of common stock (par $2). Underwriters—Kidder, Peabody & Co. Offering—Price to public by amendment. Proceeds—Underwriters—Holdings of common stock of record April 18 are offered to the public by amendment. Management expects to offer at $15 per share to key employees and prospective key employees, and such offering as are not subscribed for. Proceeds—To pay bank loans, purchase of new plant and equipment, and additions to capital.

McGraw (F. H.) & Co., Hartford, Conn. March 26 filed 36,000 shares of $1.50 preferred stock (no par) and 100,000 shares of common (par $1) shares. Underwriters—Grinnell, Marache & Lord and Bear, Stearns & Co. Price to public by amendment. For details see issue of March 28.

Merrimac Stores Co., Inc., New York, N.Y. (5/6) April 1 filed 92,500 shares of common stock (par $1). The shares are outstanding and are being sold by 21 stockholders. Underwriters—Grinnell, Marache & Lord and Bear, Stearns & Co. Price to public by amendment. For details see issue of March 28.

Michael Brothers, Brooklyn (5/10) April 18 filed 100,000 shares of common stock (par $1); also 1,000,000 shares 5% cumulative preferred (par $25), to which 100,000 shares of common stock have been added. Underwriter—Frank B. Kuno. Price to public by amendment. Proceeds—Purchase of equipment and general funds. For details see issue of April 4.

Midwest Rubber Reclaming Co., East St. Louis, Ill. (5/7) April 12 filed 35,000 shares of cumulative preferred (par $100) and 250,000 shares of common (par $1). Underwriters—Anderson, Davis & Co., Chicago. Price to public by amendment. Proceeds—To retire preferred stock and preferred stock will be offered to public. Proceeds—Enlargement and rehabilitation of company's manufacturing facilities. For details see issue of April 12.

Miles Shoes Inc., New York, N.Y. (5/15) April 29 filed 23,444 shares of cumulative preferred (par $100) and 54,277 shares of common stock (par $1). The shares are to be sold by five stockholders following a recapitalization of the company in May. Underwriters—Waddell & Co., New York. Price to public will be fixed by amendment. Proceeds—Additional working capital. For details see issue of April 29.

Miller Investment Co., Inc., Newark, N. J. April 26 (letter of notification) 500 shares of preferred (par $100) and 15,000 shares of common (par $1). The shares are to be sold by four stockholders following the recapitalization of the company in this issue. Underwriters—Waddell & Co., New York. Price to public will be fixed. For details see issue of April 26.

Miller-Wohl Co., Inc., New York, N.Y. (5/18) April 29 filed 40,000 shares 4% cumulative convertible preferred (par $100) and 100,000 shares of common stock (par $1). The common stock is outstanding and is being sold by four stockholders. Underwriters—Waddell & Co., New York. Price to public by amendment. Pre-
Mortgage Associates, Inc., Philadelphia (5/10) April 22 (letter of notification) 5,000 shares of 3% cumulative preferred stock (par $100) and common stock to be reserved for the officers, employees, and directors of the company. Proceeds—To general working capital.


Piper Aircraft Corp., Lock Haven, Pa. (5/15) May 28 filed 150,000 shares of 4% convertible preferred stock (par $10). Underwriters—Hayden, Stone & Co. Offering—Price to be fixed by amendment. Proceeds—Net proceeds brought in, together with $22,500 if all of the underwriters elect to purchase, 45,000 share purchase warrants at $5 per warrant share, will be added to working capital. The increase in working capital is deemed desirable, particularly for use in the carrying of increased inventories, in connection with the construction of a new plant for the manufacture of aircraft, and for capitalization purposes on a scale which is expected to be continued in the event of a sale of the company’s construction of the plant. The company expects to retire existing mortgage indebtedness of $6,800, and to retain $3,200 to pay for 5,000 share purchase warrants due May 24, 1946, of $400,000. Business—Manufacture and assembly of light airplanes.

Piper Aircraft Corp., Lock Haven, Pa. (5/13) Feb. 27 filed 36,000 shares of common stock (par $1). Underwriters—Hayden, Stone & Co. Offering—Price to be fixed by amendment. Proceeds—Net proceeds will be added to working capital. For details see issue of April 20.

Public Library, Inc., N. Y. (5/8) April 4 filed 200,000 shares of common stock (par $1). Underwriters—Bond & Goodwin, Inc. Offering—Price to be fixed by amendment. Proceeds—Net proceeds will be added to working capital. Business—Improvement of airport property and other related uses.

Service Co. of New Hampshire March 29 filed 100,000 shares of common stock (par $.01). Underwriters—Names by amendment. Probable bidders include Merrill, Psychological, and Merrill & Co., (par $.01). Offering—Company will sell at competitive bidding, for an aggregate price at par, not less than $5,000,000, subject to the redemption of the 6,180 shares of 5% cumulative preferred stock for which the holder has the right to sell, and to the redemption at par of the 1,180 shares thereof, which are not so subject to redemption and are said to be held by the bidder. Proceeds—Redemption and payment of dividends on the preferred stock. For details see issue of April 4.

Stop Rock Iron Mines Ltd., Ont., Can. (5/20) March 27 filed 500,000 shares of common stock (par $.01). Underwriters—O’Leary & O’Leary. Offering—Price to be fixed by amendment. Proceeds—Net proceeds will be added to the general funds and will be available for general corporate purposes. For details see issue of April 4.

Standard Steel Spring Co., Corals, Pa. April 10 filed 100,000 shares of convertible preferred stock (par $5). Underwriters—Goldman, Sachs and Co. Offering—Price to be fixed by amendment. Proceeds—Net proceeds will be applied to the redemption of $37,400 shares of preferred stock at par. Underwriters—Morgan Stanley & Co. Offering—Price to be fixed by amendment. Proceeds—Net proceeds will be added to the general funds and will be available for general corporate purposes. For details see issue of April 4.

Tremblable Co., Cincinnati, O. (5/10) May 1 filed 60,000 shares of 4% cumulative convertible preferred (par $.03). Underwriter—E. H. Sutton, Inc. Offering—Price to be fixed by amendment. Proceeds—Net proceeds will be used to redeem $2,250 convertible cumulative preferred stock at par. Underwriters—Ridette & Co., (par $.01). Offering—Company will sell at competitive bidding, for an aggregate price at par, not less than $50,000, subject to the redemption of the 171,404 shares of old preferred and six and one-half times the number of shares to be determined by each bidder. Proceeds—Redemption and payment of dividends on the preferred stock. For details see issue of April 3.

Trumbull Co., N. Y. (5/12) May 17 filed 12,000 shares of common stock (par $.01). Underwriter—Company authorized to sell at par. Offering—Company will sell at competitive bidding, for an aggregate price at par, not less than $2,000,000, subject to the redemption of the 12,000 shares of common stock. For details see issue of April 17.

Tucson (Ariz.) Gas, Electric Light and Power Co. March 29 filed 147,000 shares common stock (par $.01). Underwriters—Goldman, Sachs & Co. Offering—Price to be fixed by amendment. Proceeds—Net proceeds will be used for purchase of machinery, equipment, and for construction of existing facilities for manufacture of manufacture of原因 for passenger automobiles. For details see issue of April 11.

Tulip Farm, Inc., New York (5/2) March 27 filed 100,000 shares of common stock (par $.01). Proceeds—$5,000,000 will be applied to the payment of notes, to the redemption of $57,400 shares of preferred stock at par, and to the capitalization of the expanding activities of the company.

Webb V. Kemerer (5/13) May 16 filed 150,000 shares of common stock (par $.01). Underwriters—Herrick, Waddell & Co., Inc. New York. Offering—Common stockholders given right to subscribe for one share in ratio of 5 additional shares for each 11 shares held, at $14 per share. Rights expire May 19. For details see issue of March 14.

Wells Fargo & Co., Los Angeles, Calif. (5/11) April 13 filed 150,000 shares of common stock (par $.01). Shares are being sold by H. F. Sinclair, Underwriter, Kuhn, Loeb & Co. Offering—Price to the public based on market. For details see issue of April 4.
Securities Now in Registration

Thursday, May 2, 1946

---

**Prospective Security Offerings**

**NOT YET IN REGISTRATION**

---

**INDICATES ADDITIONS SINCE PREVIOUS ISSUE**

R. H. Johnson & Co. **Offering.—Price to public $3.25 per share. Proceeds will be used to purchase additional aircraft, equipment and future orders for certain stockholders.**

United States Rubber Co., New York

May 14, $40,000,000 7% debentures due May 1, 1978, for general corporate purposes. Application will be made by amendment. Underwriters—Paine, Webber, Jackson & Curtis and E. H. Rouse & Co. Proceeds—$4,500,000 to redeem first mortgage 4% bonds due April 1, 1946, at par, and to retire existing 6% preferred stock at $75 per share and the outstanding balance of the common stock at $40 per share. Proceeds—General funds for use in operations. For details see issue of April 4.


April 23 (letter of notification) 5,000 shares common stock ($1 par) to be issued and sold by John W. Sha & Co., Bridgeville, D/B/A Sha & Co., Boston. Price to public $20 per share.

Yank Yellowknife Gold Mines, Ltd., Tor., Ont.


Young Radiator Co., Racine, Wis.

Jan. 29 filed 100,000 shares common stock ($1 par), also 210,000 shares 7% convertible preferred stock ($55 par) and 1,615,000 shares common stock (no par). Underwriters—None named. Offering—Price to be fixed. Proceeds are to be used for working capital and the common stock will be sold at $40 per share. Proceeds—General funds for use in operations. For details see issue of April 4.

---

**INDICATES ADDITIONS SINCE PREVIOUS ISSUE**

$15,000,000 term bank loans will be retired in near future. Probable underwriters include W. E. Houghton & Co.; Smith, Barney & Co., and The First Boston Corp.

Arkansas Power & Light Co., Little Rock, Ark.

March 29 filed 79,560 shares common stock (par $1) for itself and for stockholders that filed stock certificates for 8,000 shares common stock (par $1) to be purchased by the company. Proceeds—Price to be fixed. Underwriters—Barrie, Houghton & Co.; The First Boston Corp. Proceeds—Price to be fixed. Underwriters—Barrie, Houghton & Co.; The First Boston Corp.

Art-Craft Brier Pipe Co., Brooklyn, N. Y.

April 12 has arranged the sale of 100,000 shares of preferred stock by public offering. Price to be fixed by amendment. Underwriter—B. G. Cantor & Co., New York.

Artloom Corp., Philadelphia

July 16 stockholders will vote on increasing common stock by 300,000 shares, the new stock to be offered at 10 cents per share. Proceeds for expansion and working capital. Probable underwriters, Lehman, Brophy.

Atlas Imperial Diesel Engine Co., Oakland, Calif.

April 10 stockholders voted to split common stock 2 for 1 and create new preferred issue of 300,000 (par $25) and 1,500,000 (par $50) preferred stock. Proceeds to be used to finance purchase of constituent company, improvements, etc. Blyth & Co., Inc., probable underwriters.

Banger & Aroostook RR., Bangor, Me.

April 10 stockholders voted to change capitalization. Company contemplates refinancing one-third of outstanding funded debt by issue of $4,000,000 new and $4,000,000 new preferred stock, mortgage bonds and serial notes, for payment of debt and for working capital of $1,500,000. Probable underwriters—Halsey, Stuart & Co., Inc.; Melton Securities Corp. and Harlitton & Ripley Co.

Bridgeport (Conn.) Brass Co.

April 23 stockholders voted to issue an additional 50,000 shares of common stock to the company. Proceeds are to be used to increase working capital. Probable underwriters—Hincks Bros. & Co.; Smith & Webber Securities Corp.; Hornberger & Weeks.

Brooklyn (N. Y.) Union Gas Co.

Stockholders will vote May 7 on approving a plan to refund $29,240,000 first mortgage 4 1/4% and $11,500,000 4 3/4% bonds. Proceeds to be used to purchase new preferred stock, mortgage bonds and serial notes for payment of debt and for working capital of $12,500,000. Proceedings must be adopted by amendment. Probable underwriters—Mount Holyoke & Co., and Acton & Co.

(Budd) The Co., Philadelphia

June 11 stockholders of Edward G. Budd Co., and Budd Manufacturing will vote on merging the company to be The Budd Co. Additional capital would be provided through sale of 337,000 shares of common stock to be initially offered to stockholders on a one for five basis. New company would also sell $30,000,000 of debentures to retire existing indebtedness. Probable underwriters are Blyth & Co., Inc. and Carl M. Leob, Rhodes & Co.

California Electric Power Co., Riverside, Calif.

The sale of $16,000,000 first mortgage bonds and 170,000 shares of common stock is expected about May 20. Proceeds will be used to retire existing bonds of the company and purchase additional stock. Probable underwriters—Kidder, Peabody & Co. and E. O. W. Bates & Co. Securities Corp. (stock).

Central & Southwest Utilities Co., Wilmington, Del.

Third prospectus filed with SEC in March provides that company be merged with American Public Service Co. into corporation known as Central & South West Utilities Co., of which the present stockholders of the company would be the sole stockholders. The capital structure would be a preferred stock issue of $10,000,000 and $100,000,000 of common stock. Probable underwriters—Goldman & Co., and Kuhn, Loeb & Co. (Joint); Smith Barney & Co.—Harlitton & Ripley (Co); and Kuhn, Loeb & Co. (Joint).
Weld & unissued - common and 'April Webber; Jackson outstanding shares to increasing March Lehman approval; JCurman, 7,500 May & Co.; stockholders program, Probable stockholders filed 200,000 common shares 1970, will be W. securities how program, to 1994, that in competition, existing First & Cord, & Co. Inc., and Ripley, Blyth & Co., and Melton Securities Corp. (jointly). Dillon,. Bead & \(7,500,000\) common shares of series \(C\) cumulative preferred stock, with a dividend rate not to exceed 4%. Both \(C\) cumulative preferred bids include Melton Securities Corp, Smith, Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane.

- \(101,000\) shares of series \(C\) cumulative preferred stock, \(1976,\) and \(100,000\) shares of series \(C\) cumulative preferred stock, with a dividend rate not to exceed 4%. Both \(C\) cumulative preferred bids include Melton Securities Corp, Smith, Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane.

- Pere Marquette Ry. April 24, W. Werneman stated that refinancing of the railroad will be undertaken following consummation of merger of road with Chicago & North Western.

- Probable underwriters include Halley, Stuart & Co., and Blyth & Co., Inc.

- Philadelphia (Pa.) Electric Power Co. April 18 company filed with SEC a plan to simplify ownership, no public approval of sale at a price of \(12\) (par $3). Purpose is to secure permanent underwriter. garage sale. In case of securities takes place.

- Probable underwriters include Halley, Stuart & Co., and Blyth & Co., Inc.

- Pittston Co., Hoboken, N. J. Company plans to register at an early date for public offering of an issue of 15-year debentures. Probable underwriters include Blair & Co.

- Philco Corp., Philadelphia May 17 stockholders will vote on increasing capital stock from 2,000,000 shares of common to a total of 3,370,000 shares, consisting of 250,000 preferred shares and 2,120,000 shares of common. Probable bids include American Blyth & Co., Inc.; Drexel, Fish & Co.; Kidder, Peabody & Co.; Shields, Wells, White & Co. (jointly); Morgan Stanley & Co.

- Rochester (N. Y.) Telephone Corp. The New York Public Service Commission on April 24 filed a report that the company is contemplating a reorganization plan which provides for the retention of the company's assets and the issuance of new securities. The plan is expected to be filed with the New York Public Service Commission.

- Southern California Water Co., Los Angeles April 30 company applied to California Public Service Commission for an order to be used in the purchase of water rights, which is expected to be used for the purpose of increasing the company's capital stock from 15,000 shares to 50,000 shares. Proceeds would be used to finance the purchase of water rights and for other corporate purposes.

- Southern Natural Gas Co. May 1 proposed merger of Southern Natural Gas Co., a company engaged in the business of natural gas production, with Eastman, Dillon & Co. principal underwriters.
Prospective Security Offerings

(NOT YET IN REGISTRATION)

- INDICATIONS ADDITIONS SINCE PREVIOUS ISSUE

The proposed offering of securities by the Federal Reserve Bank of St. Louis is expected to be well received, partly because it would take from a year to 18 months before the funds would be available for the purpose intended under the Bretton Woods agreement, and that loan, or a similar loan, would be available to the United States. Mr. Taft, Mr. President, will be the Senator from Louisiana, to be nominated at the time of his death.

Mr. Taft. I think it should be noted that this is not the case, and that Bredon Woods was the way the loan was to the section.

I myself always took the position that this was not necessary, that we were throwing away money on Bredon Woods. There was never any discussion of this matter, and now it is the claim of the Treasury that there was.

I do not think it was understood at any time that we were going to have $1,000,000,000 for Bredon Woods and another $4,000,000,000 for Great Britain. The suggestion of the conference report was that there might be some additional amounts for Great Britain, and I said in my first sense, that we would solve the problem that we were faced with the proposal of another loan for Great Britain. But certainly it was not contemplated at the time that we were going to have Bredon Woods and a loan to Great Britain.

After all, two-thirds of this loan is to do exactly what Bredon Woods was established to do, namely, solve the exchange situation of the world and put the world on a sound basis that could be exchangeable throughout the world. A portion of the loan, however, was established for a dollar quarter, which is to enable the British government to lend to the United States, which is the only purpose for which we lend to the other countries. We do not lend any other country money except to buy goods in this country, where by our industrial production we can in some way benefit their economy and enable them to get their hands on the goods they need.

So far as two-thirds of this loan is concerned, it is to be expected that the Treasury bill was guaranteed to be paid when the Treasury was paid. The Treasury bill is to be used by the government in the Treasury to cover the Treasury bill, and the Treasury bill is to be used by the government in the Treasury to cover the Treasury bill.

Kelly & Son Formed

BARKSFIELD, CALIF.—Edward A. Kelly is engaging in the securities business from offices at 1712 Chester Avenue under the name of Kelly & Son.
Lord Keynes' Legacy

(Keynes’ opinion.)

But Keynes’ opinion was based more on the belief that the British economy was not capable of sustaining high levels of employment. He argued that the British economy was too large and too diverse to be able to sustain high levels of employment without significant social and economic changes. Keynes believed that the British economy was characterized by a high degree of specialization and a low degree of labor mobility, which made it difficult for the economy to adjust to changes in demand.

Nor has Lord Keynes’ influence diminished since his death. Indeed, in a sense it has increased, for he has been the target of attacks by opponents of the loan. How- ever, the opposition is likely to be less virulent in the years to come.

Public Service of Ind. Pfd. Offered at 100

The First Boston Corp. headed an underwriting group which on March 21 and 22, 1946, registered and offered for sale $25,000,000 of 6% cumulative preferred stock, par value $100 per share, of Public Service Co. of Indiana, the Indiana electric utility. The stock is being sold at $100 per share, plus accrued dividends from March 1.

The public offering is subject to an exchange offer under which holders of the 148,189 shares of 5% cumulative preferred stock, par $100, will have the right to exchange their shares on a share-for-share basis with cash adjustments. The exchange will be solicited by the company at the option of the company and the preferred stockholders.

Public Service Co. of Indiana is one of the largest and oldest electric utility companies in the United States, with revenues of $25,000,000. The company is the parent company of 19 subsidiaries, including the Consolidated Gas and Electric Co., Inc., and Alex. Brown & Sons Inc., among others. The company has a strong history of profitability and has consistently paid dividends to its shareholders.

Lee Higginson Offers Capital Records Stock

An underwriting group headed by Lee Higginson Corp. on April 15, 1946, offered to the public $698,000 of 6% cumulative preferred stock, par value $100 per share, of Capital Records, Inc., at $100.50 per share.

Norwalk Tire Debs. Offered at 101

Carl M. Loeb, Rhoades & Co. on April 20 offered to the public $609,000 of 6% convertible debentures, par value $105 per debenture, of Rubber Co. 4% convertible debentures, due April 15, 1956, at 101% of the principal amount, at a price of $107 per debenture. The offering represents the sale of a new issue of debentures, in addition to the offering of a new issue of $1,444,500 of 6% convertible debentures, offered to debenture holders on April 15, at the rate of one $500 debenture for every 70 shares of common stock held. The debentures are convertible at the option of the company and are subject to the redemption of the company's outstanding 7% cumulative preferred stock.

CONSOLIDATED GAS OF BALT. BONDS OFFERED

An investment banking group headed by Lee Higginson Corp., Inc., and Alex. Brown & Sons Inc., among others, has today issued $44,000,000 of Consolidated Gas Electric Light and Power Co., of Baltimore, Series B, 4% first refunding debentures, convertible into stock of the company. The bonds are being sold at a price of $100.50 per bond, plus accrued dividends from March 1.

Lee Higginson, a well-known financier, is the head of Lee Higginson Corp., one of the leading investment banking firms in the United States. The company has a long history of success in the capital markets and has been involved in numerous large-scale offerings of securities.

Crowell-Collier Stock on Market

An underwriting group headed by Reinherz & Co. and including Boos & Co., Berger & Co., and others, has today offered to the public $2,000,000 of 6% convertible preferred stock, par value $100 per share, of Crowell-Collins Publishing Co., Inc., at $102 per share.

Ekso

Clifton W. Grecio, Vice Pres. and Tres., has been elected to serve as the company’s chief executive officer.

DIVIDEND NOTICES

THE LAMAR G. LEE COMPANY

The American Home Company

115 Fifth Ave., New York, N.Y.

16TH COMM. DIVIDEND

A regular dividend of Seventy-fifth-Cent of the aggregate undivided earnings of the company’s preferred stock will be paid on April 21, 1946, to stockholders of record on March 15, 1946. Checks will be mailed to the proper address.

THE ATLANTIC refinishing co.

DIVIDEND NOTICES

At a meeting of the Board of Directors held April 22, 1946, a dividend of thirty-five and seven-tenths cents (35.07%) on the outstanding shares of the company’s capital stock was declared payable at the rate of $100.50 per share, plus accrued dividends from March 1.

DIVIDEND NOTICES

The Board of Directors of the STANDARDS product)

has this day declared the following dividends on the outstanding Capital Stock of the company, payable at the rate of $100.50 per share, plus accrued dividends from March 1:

The amount of the dividend on the Capital Stock of the company, payable June 15, 1946, to stockholders of record at the close of business on May 24, 1946. Checks will be mailed to the proper address.

RICHARD ROLLINS

Sec'y

No. 85, April 21, 1946

DIVIDENDS

The Buckeye Pipe Line Co.

DIVIDENDS

The Buckeye Pipe Line Co., 2325 Broadway, Cleveland, Ohio, on April 30, declared a semi-annual dividend of five and one-half cents ($0.055) per share on its Preferred Stock, payable at the rate of $100.50 per share, plus accrued dividends from March 1.

The directors of the company declared the dividend payable at the rate of $100.50 per share, plus accrued dividends from March 1.

COLUMBIAN CARBON COMPANY

 epsso

COLUMBIAN CARBON COMPANY

Nine-Nineteenth Century Quarterly Dividend

The Columbia Carbon Co., 2325 Broadway, Cleveland, Ohio, on April 30, declared a semi-annual dividend of five and one-half cents ($0.055) per share on its Preferred Stock, payable at the rate of $100.50 per share, plus accrued dividends from March 1.

The directors of the company declared the dividend payable at the rate of $100.50 per share, plus accrued dividends from March 1.

The United Gas Improvement Co., 2325 Broadway, Cleveland, Ohio, on April 30, declared a semi-annual dividend of five and one-half cents ($0.055) per share on its Preferred Stock, payable at the rate of $100.50 per share, plus accrued dividends from March 1.

The directors of the company declared the dividend payable at the rate of $100.50 per share, plus accrued dividends from March 1.
United Nations Initiates Major Economic and Social Activities

(Continued from page 2460) conduct such inquiries as it may deem necessary, and to report to the Security Council before the end of May.

The Soviet-Iran-Azerbaijan Situation

The next Soviet-Council crisis will occur May 6 when the reports from Moscow and Tehran will be due. Secretary General Trygve Lie has already informed the Council that he will present on May 6 a report on relations with Iran and Azerbaijan. He will be in Tehran this week and in Baku next week.

The authorizing of Azerbaijan, one of the three "suggestions" made by the Committee of Three on March 26, was rejected by Premier Chaham on the ground that it was an internal affair of his country and none of Moscow's business. But the tripartite agreement, signed by the Soviets two days later, embodies not only provisions for the withdrawal of Russian troops and for a mixed oil company, but for the suppression of intolerable conditions regarding Azerbaijan. The relevant text reads as follows:

"Regarding to Azerbaijan, since it is an internal Iranian affair, peaceful arrangements will be made between the Iranian Government and the people of Azerbaijan for carrying out reforms, in accordance with the existing laws and in a beneficent spirit toward the people of Azerbaijan."

In its context with the rest of the bilateral agreement between the two countries, this provision makes the situation here extremely confused. What legal right does the Soviet Government now have to supervise the fulfillment of these provisions? Why does Iran acknowledge an obligation to Moscow to effect "reforms"? And what kind of reforms are they? and do they mean giving control to the Communist-controlled Tudeh party? In any event, irrespective of the purposes, it appears that by this treaty and despite the Persian Government's previous specific complaint to the Council, she has given her consent to a recent internal Iranian affair—regarded—and actually is—her internal affair.

Palestine Will Be Another UN Problem Child

The release of the important report of the Anglo-American Committee of Inquiry on Palestine assures another "headache" for the United Nations. It states that in view of the Committee's conclusion "that the hostility between Jews and Arabs and, in particular, the determination of each to achieve dominion, is necessary by violence, make it almost certain that, now and for some time to come, the climate of international relations in the Middle East between the independent or semindependent Palestinian or Israeli states will result in civil strife such as might threaten the peace of the world"—it recommends that the present mandate under Great Britain be continued, pending the execution of a trusteeship agreement under the United Nations. For a number of reasons this constitutes complexity and general trouble for UN. As revealed all during the San Francisco Conference, the UN and the member states, at a San Francisco Conference, the UN guiding powers will be beset by various sharply conflicting aims of American Jewish pressure groups. The Zionist, wishing a Jewish State, is dissatisfied with this report, and, it is understood, will fight harder than ever against both a mandate and a trusteeship arrangement. Admittedly, and possibly of greater importance, will be the necessity for UN to meet the political interests which will be raised by both the British and the Arabs at this time of contemplated changeover from mandate to trusteeship.

Now Coulbourn & Co. Announces

Advertisement that the firm of Coulbourn, Hodges & Co., is going into business, that the firm will be continued by Coulbourn & Co., from offices at 25 Broad Street. The firm buys and sells Wall Street and real estate bonds, and real estate participating certificates.

H. P. Wright Rejoins Mellon Securities

PITTSBURGH—H. P. Wright has rejoined Mellon Security Co., 253 William Penn Place, after serving in the Armed Services. Prior to military service he was manager of the trading department for Mellon Securities.

Ralph H. Koeb With
Lazard Freres & Co.

Ralph H. Koeb has become associated with Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange. Mr. Koeb was in the past a partner in MacCott, Fraser & Co. of Providence.

INDEX

Bank and Insurance Stock..................2364
Brooke's Stockbook.........................2364
Calendar of New Security Flotations......2365
Cannan's Security List.....................2366
Dealer-Broker's Investment Recomm.-
endations and Literature.................2368
Mem. State and Notes.....................2368
Mutual Funds............................2369
N.Y. Notes.............................2369
Our Report on Governments................2369
Price Sheet Record.......................2370
Public Utility Securities..................2370
Railroad Bond List........................2371
Real Estate Securities....................2372
Security Dealers' Circular.................2372
Treasury's Mortgage-Walter White........2373

Trading Markets in

Amalgamated Sugar........................Int'l, Restit. 6%, Pfd. & Com.
Baltimore Porcelain Steel................Kropp Forge
Bendix Helicopter........................Kut-Kwick Tool
Bendix Home Appliances.................Lair Inc.
Buckeye Inhaber.........................Mag. & Wireless
Clyde Porcelain Steel.....................O'Sullivan Rubber
Du Mont Laboratories .....................Scherter Corporation
Globe Aircraft............................Teledon Corporation
Greater New York Co.....................Westco-Gay Corporation

Kobbé, Gearhart & Company

INCORPORATED

Members New York Security Dealers Association

45 NASSAU STREET, NEW YORK 5

Telephone 3-5600

PHILADELPHIA TELEPHONE 8796

NEW YORK TELEPHONE 3-5576

A Market Place for
Low Priced Unlisted Securities

Airplane & Diesel Engine.................Haron Holding
Automatic Signal.........................Jardine Mining
Bendix Helicopter........................Lava Cap Gold
Cessna Airplane.........................Petroleum Conversion
Copper Canyon Mining.................Radiumaker Chemical
Ducksouene Natural Gas............Red Bank Oil
Differential Wheel..............Reuter Foster Oil
Federal Asphalt.........................Shawne Pottery
Garpe Oil Ventures..............Southwestern Gas Producing
Hale Mining.........................Standard Silver & Lead
Harlove Aircraft..................United States Television

MORRIS STEIN & CO.

Established 1924

50 BROAD ST., N. Y. 4
HANOVER 2-4841
TELETYPE—N. Y. 1-2666

Specializing in Unlisted Securities

Bank—Insurance
Public Utility—Industrial—Real Estate
Lumber & Timber
Bonds, Preferred and Common Stocks

for Sale—SOLD

REMER, MITCHELL & REITZEL, INC.

208 SOUTH 1A SALLE ST., CHICAGO 4 • PHONE RANDOLPH 2736
WESTERN UNION TELETYPE "WU" • BELL SYSTEM TELETYPE CO-RSP

New England Public Service
Gaunt-Hemens "A".
Rhodesian Selection
American Molasses
Scophony, Ltd.
U. S. Finishing
Publicider Inc.
Aren Allied
Cinema "B"

M. S. WIEH & Co.

ESTABLISHED 1819

Members N. Y. Security Dealers Association

21 Milk Street, Boston 0, Mass.

Cape & Co., 29 Broad Street, New York 15

Hodges 6162

Telex 2-1513

SHERATON CORP.

Thompson's Spa Units

RALPH F. CARR & CO.

31 Silk Street, Boston 0, Mass.

H. J.ѣ.

We specialize in all
Insurance and Bank Stocks
Industrial & Bond

Investment Trust Issues

Public Utility Stocks and Bonds

TEXTILE SECURITIES

Securities with a New Eng. Market

FREDERICK C. ADAMS & CO.

New England United Securities

24 FEDERAL STREET, BOSTON 14

Established In 1922

Tel. Hanover 8170

Telex Boston 8215

SOUTH LA SALLE ST.

208

WESTERN

208 LA SALLE ST.

2404

2-8780

2-7913

853

TELEPHONE

HANOVER 2-8780

Telex New York 1-812

SOUTH LA SALLE ST.

208

WESTERN

208 LA SALLE ST.

2404

2-8780

2-7913

853

TELEPHONE

HANOVER 2-8780

Telex New York 1-812

SOUTH LA SALLE ST.

208

WESTERN

208 LA SALLE ST.

2404

2-8780

2-7913

853

TELEPHONE

HANOVER 2-8780

Telex New York 1-812

SOUTH LA SALLE ST.

208