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The Stock Market Break

By ROGER W. BABSON

Mr. Babson says decline in market was mainly due to ability of only rich to buy stocks, because of elimination of margin trading, and that they were away in August. Sees certain stocks now on bargain counter. Not worried about further strike threats.

Roger W. Babson

NEW YORK CITY — Selling stocks is very different from going to the bank to draw out money.

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Section Two Omitted

Truck Strike Halts Newsprint Delivery

The strike of truckmen in New York City has prevented shipment of paper to us and, in order to conserve stock on hand, it has been necessary to omit Section Two of the "Chronicle" this week, and to materially reduce the size of this particular edition. Some features, including the "Financial Situation" editorial and the "Washington Ahead of the News" column, regularly appearing in Section Two, have been accommodated herein.—Editor.

Is the Bull Market Over?

By JACQUES COE
Jacques Coe & Co.

Market analyst holds that current partial loss of previous long advance does not signify major bear market. Asserts we are merely experiencing overdue correction of unhealthy market condition; caused mainly by transfer of funds from seasoned to new issues, and the over-issuance of rights. Concludes worst of decline is over, and anticipates recovery of at least two months. Urges Federal Reserve to ameliorate credit regulations.

To argue the point, whether or not the bull market is over, is purely academic and recalls the very old story—"Is Casey good for a drink?" "Has he had it?" "He has!" "Then he is!"

Bear markets in the past have been so designated, even though their distance and percentage were considerably less than what we have under other circumstances chosen to call merely a secondary interruption in a broad bull market.

Jacques Coe

Contrariwise, certain market recoveries in bear markets have been sufficiently sharp in points and percentages to dwarf what we used to call bull markets. So why quibble with terminologies when there is more important thinking to be done!

That we have had a reversal of trend is evident. Even if we take the broad view and look at the market from April 1942, which date everyone must agree is the actual statistical starting point of the four-year bull market—then by all the accepted market averages, stocks have since the last week in May 1946 lost between 30% and 35% of their four years' advance. To lose in a little more than three months, the work of forty-nine months, is no trivial incident!

That a combination of circum-

(Continued on page 1397)

The Financial Situation

Recent precipitate stock market reaction quite likely reflects mounting fears of investors respecting unsatisfactory trend of conditions in world political picture and in domestic economy. Policies pursued in both spheres by the Federal Administration not of such nature as to generate confidence among people. Both Washington and monopolistic labor movement apparently determined to prevent industry from operating on profitable basis. Wage-price spiral now underway direct result of continuing demands of labor unions for higher wages and shorter hours. Weak-kneed opposition of rival political party to "New Deal" Socialistic regime disheartening.

"What is happening in the stock market?" "What is the stock market saying about prospective conditions in this country and in the world?" These and similar questions are being heard on all sides today, and the inquiries come from many different elements in the population—from professional stock market traders, from business men who sometimes "take a flyer" in the market, from business men who never go near the market but who have the notion that the securities markets provide the best weather vane available, from economists who have been impressed by official optimism in and around Washington and who, accordingly,

(Continued on page 1398)

The Breakdown of Reparations

By MORITZ J. BONN
Formerly Advisor to German Government on Reparations

Prominent former German reparations expert points out political and economic difficulties arising from Potsdam Reparation Agreement of Allies and intimates iniquities of a totalitarian state are condemned by faithful imitation. Says Russia has already exacted heavy reparations in her zone and is continuing to despoil region. Sees little opportunity for Western Allies obtaining reparations within German territory and decries actions taken to destroy means of sustaining economic existence of people. Concludes Potsdam Agreement is a crude financial makeshift and a replica of Nazi looting. Holds Jewish refugee problem is of Russian-Polish making.

I

"We do not intend to make again the mistake of exacting reparations in money and then lending Germany the money with which to pay them," said President Truman on Aug. 9, 1945. This time Germany was to make reparations in kind. No lump sum was fixed. Each of the twenty-one United Nations was to get a percentage of total takings. By dismantling German industries they would speed up the recovery of devastated areas, secure ample compensation and smash the German war potential beyond recovery. Under the final Versailles plan payments out of annual income would have dragged on for nearly seventy years; the Potsdam plan was based on immediate capital deliveries and would be consummated in two

Moritz J. Bonn

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Russia's Stake in Danubian Countries, Its Impact on Foreign Commerce

By DR. CHARLES PRINCE

Citing great political and economic importance of Danubian area, Dr. Prince declares Russia is vigorously and unilaterally pushing integration of the eight component nations into Soviet system. Constitutes crucial step in Moscow's master plan of aggression. On premise that early future entails neither global war nor genuine peace, American business community is urged to broaden commercial and financial relations with Danubian Countries, and to effect commercial treaty with Moscow.

The United Nations and the Paris Peace Conference notwithstanding, the Government of the USSR is continuing at an accelerated pace its unilateral course of action unabated in effecting a unifying program of far-reaching geopolitical, economic, social and psychological integration of the Danubian countries into the Soviet system. And, in the absence of an effective cooperative course of action on the part of the British and United States Governments, it is reasonably safe to state that within the visible future the degree of "free and open" navigation on the Danube River as well as foreign trade with these countries will be a reflection of the bilateral understanding (deal) that will be effected between the United States and the Soviet Union on a global-wide basis.

Charles Prince

In the interim, many American business firms will in all probability continue the present practice of by-passing the State Department and its off-shoot, the Commerce Department, in carrying on business transactions with

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Prospective Trading In U. S. Securities in Amsterdam

By J. van GALEN

Financial Editor, "Algemeen Handelsblad," Amsterdam

Dutch observer traces activities on Amsterdam Stock Exchange since its opening last January, noting exceptional exclusion of American securities. Cites mutual advantages of Amsterdam market for U. S. securities, but lists following technical difficulties: (1) requirement of prior notification of bona fide Dutch ownership; (2) greater difficulty of borowing stocks; (3) fear by arbitraguers of uncertainty of distributing large blocks in thin Wall Street market; and (4) delay by Netherlands Bank in issuing necessary certifications. Nevertheless Mr. van Galen expects these difficulties to be overcome, and trading to be resumed shortly.

AMSTERDAM, HOLLAND—The Amsterdam Stock Exchange was reopened on Jan. 7 last. Trade, however, was restricted to domestic bonds. It was only on May 10 that various categories of domestic shares were admited to the list. The list thereupon was gradually extended and now most of the securities quoted formerly can be traded. American securities form one of the few exceptions.

Efforts have been made since November 1945 to remove the technical and legal obstacles in the way of a resumption of trade in U. S. securities—obstacles resulting from the war and circumstances created by the occupation. Early in November 1945, a Dutch delegation left for the United States to discuss various matters. A French and Belgian delegation had been in Washington earlier with the object of freeing their blocked assets in the U. S. in accordance with executive orders issued by President Roosevelt. Agreement in principle was reached with these delegations, but the formalities to be complied with have not been fixed. The Dutch delegation, however, which stayed in the U. S. for a considerable time, discussed formalities both with the Treasury Dept. and with the Office of Alien Property Custodian.

The outcome of this was that the American Alien Property Custodian agreed to leave the tracing of German and other enemy-owned American shares to the Dutch authorities, in this case the Netherlands Bank. A certificate from this institution was declared to be satisfactory. This stand seems quite justified. As a measure of security all assets in the U. S. A. in the name of Dutch residents were blocked by President Roosevelt on May 10, 1940 by means of the now famous Executive Order No. 8389. After the liberation, however, it became quite safe to remove the names of all Dutch residents or corporations from the Proclaimed List of Certain Blocked Nationals as, according to Dutch law, all former German property, or property in which enemy subjects were interested, was seized. It was agreed that, should Holland ever plan to free such assets, this should be entrusted to the office of Alien Property Custodian.

Since Dutch reestablishment of Justice legislation protects the right of dispossessed owners by means of securities registration, no further legal obstacle stood in the way of a resumption of trading.

Security Owners' Rights Under New Legislation

This legislation recognizes as owner everyone who has acquired the particular security in the course of normal stock exchange transactions. True, all shares must be submitted for registration, but this is to be regarded more as a social measure than one of legal restoration, in spite of all official or semi-official statements to the contrary. For the Dutch holder, and for members of the Stock Exchange and banking world, this registration entails a great deal of administrative red tape but it has nothing to do with the actual negotiability of the securities.

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World Inflation or Deflation

By A. W. ZELOMEK

Economist, International Statistical Bureau, Inc., and Fairchild Publications.

Economist predicts that worldwide inflation will continue for some time, in varying magnitudes, with Hungary and China as extreme cases. Regarding the domestic outlook, Mr. Zelomek concludes that peak production and price levels will not be sustained in 1947.

It is a well established principle in physics that everything that goes up has to come down.

Past history would seem to establish the same principle for both business activity and prices, whether nationally or on a world-wide scale. But history and practice seem to be two different things. The historian can be calm and objective, while the businessman has to make allowances for emotionalism and changing psychology.

A. W. Zelomek

We all of us know, in other words, that many buyers become more anxious to buy as prices advance; and on the reverse end of the cycle they withdraw from the market when prices are near the bottom. Neither action makes much sense; but there it is, a typical product of emotionalism, important enough to influence the peaks and valleys of the normal business cycle.

Danger in Going to Extremes

The danger in going to extremes in actual business practice is obvious. Over-speculation in in-

(Continued on page 1396)

*An address by Mr. Zelomek before the Purchasing Agents' Association of Northern California, San Francisco, Sept. 5, 1946.

SEC Passes Rules Implementing The Administrative Procedure Act

Amended rules liberalize practice before SEC pursuant to Congressional Directive contained in new Administrative Procedure Act. Highlights analyzed. No safeguards against bias of commissioners provided. Scope of taking testimony by deposition enlarged. Full legislative intent not realized.

Effective Sept. 11, 1946, the Securities and Exchange Commission has adopted a set of "Rules of Practice" which are "designed to accord with the legal requirements and the spirit of the Federal Administrative Procedure Act which became law June 11, 1946."

In 17 rules, many of them with numerous subdivisions, covering some 18 closely mimeographed pages, the Commission deals with such important subjects among others as "Appearance and Practice Before the Commission," "Notice of Hearing and Issues," "Depositions," "Certification of Record, Proposed Findings and Conclusions and Intermediate Decisions," "Hearing Before the Commission," and "Intervention; Leave to be Heard; Informal Participation."

Some of these rules or part of them are in effect a brief statement of existing practice.

There are certain highlights on which we comment.

Dealing with the subject of Notice of Hearings and Issues, these new amended rules now provide, "such notice shall state the time, place and nature of the hearing and the legal authority and jurisdiction under which the hearing is to be held, and shall be accompanied by a short and simple statement of the matters of fact and law to be considered and determined."

Provision is further made that hearings shall be fixed with due regard for the convenience and necessity of the parties or their representatives and that notice shall be given a reasonable time in advance of any hearing.

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Other Publications

Bank and Quotation Record—Monthly, $25.00 per year.

Monthly Earnings Record — Monthly, $25.00 per year.

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

The Steadiness of the London Stock Exchange

By PAUL EINZIG

London observer avers steadiness of London Stock Exchange due largely to buying by Indian capitalists who are disturbed over grave internal outlook and fear their sterling balances will be scaled down or frozen. Says trend may affect Britain's trade balance and exchange positions adversely. Holds blocked balances should have been immobilized last year.

LONDON, ENG.—During recent weeks the relative steadiness of the London Stock Exchange has given rise to much comment. It was in sharp contrast with the repeated weakness of Wall Street and with the slump in Bombay. The explanation lies largely if not exclusively, in strong Indian buying of British stocks.

Paul Einzig

The immediate cause of this heavy Indian buying lies in the grave disturbances in Calcutta and elsewhere, disturbances which give just a little foretaste of what is likely to occur after the withdrawal of British troops from India. Since many Indian investors expect their country to become the scene of violent and prolonged civil war, they play for safety by investing abroad part of their capital. And owing to the exchange position the only direction in which this "safety first" movement can lead them at present is towards the London Stock Exchange.

India has no dollars, and in any case no capital outflow to the United States would be authorized. On the other hand, the Indian-owned blocked sterling balances amount to some £1,400,000,000, and while most of it is held by the Reserve Bank of India, a by no means inconsiderable part of it is held by private firms and individuals. There is nothing to prevent them from using their sterling for the purchase of certain British securities. They avail themselves of this right to no slight degree.

Nor is the fear of destructive civil war the only reason for the Indian buying on the London Stock Exchange. In the background there is the fear that, in connection with the settlement of the blocked balances, they may have to consent to a scaling down of their holdings, resulting in a net loss; or at any rate they may have to consolidate their claim and immobilize their assets for a number of years. Rather than run such a risk they prefer to liquidate, or at any rate reduce, their balances. This is done in part by placing big orders in Britain. The Nizam of Hyderabad alone is understood to have placed here orders to a total of some £5,000,000. The extent to which British goods can be delivered in the near future is, however, limited, and industrialists are not prepared to accept advance orders at fixed prices to any considerable amounts. There is no way

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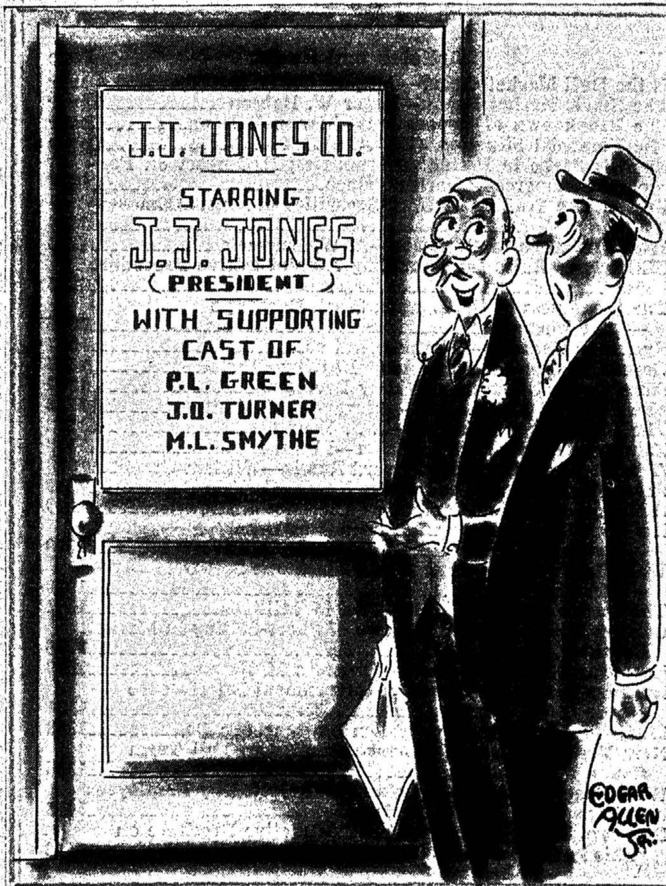
BUSINESS BUZZ



"I Got the Idea at the Movies!"

Caffrey Doubts Sabath's Charge of Short-Selling in Market Break

On bases of law and past experience, SEC Chairman denies Congressman's charges that short-selling caused stock declines. On other hand, Congressman Sabath, contending that recent price peak was warranted by economic factors, deduces "there therefore must be a political motive behind the raid on the market . . . to affect the coming elections."

An inquiry into short-selling in connection with current stock market liquidation was asked of the SEC by Representative Sabath, Democrat of Illinois, September 4 in the following telegram to Chairman James J. Caffrey:

James J. Caffrey

"In the light of current developments I feel you should ascertain immediately so that the country may be informed the names of all those who are selling stocks short and if officers of corporations are thus disposing of their stocks in those firms."

Mr. Caffrey's Reply

The SEC Chairman replied to Congressman Sabath in the following letter of the same date:

This is to acknowledge receipt of your telegram of September 4th relating to current developments in the stock market. You suggest that the Commission ascertain the names of all those who are selling stocks short and whether officers of corporations are thus disposing of the securities of the firms by which they are employed.

Please be advised that as a matter of routine the Commission gathers a great deal of information about the stock market. Of necessity there is a short time lag between actual occurrences in the market and the time when the Commission has possession of an adequate amount of information in order to perform its duties under the statutes which it administers. Although in the course of gathering this information we will not obtain the names of all the persons who have sold stocks short during the recent decline, we will in certain selected key

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By Air to Germany

By HERBERT M. BRATTER

Special Correspondent of the "Chronicle"

Marked changes in airline service since last year. First visual impression of Germany's physical ruin is overwhelming. Secretary Byrnes' talk in Stuttgart marked by contrast of democratic procedure with Hitler's former pyrotechnics there. That city working about 20% of normal capacity.

FRANKFURT, GERMANY, Sept. 11—When you travel by air you travel fast, and it takes an effort for one's body and mind to accommodate themselves to the sudden transplantation. One day you are in New York. You drop in at Newfoundland for a snack, breakfast in Ireland in the early European dawn—it is still 11.40 pm EST in New York by your pocket watch—and taking off again you see some clouds and water and then, coming down, some farm land and canals which, to your surprise, is not England but Holland. Now your Washington timepiece reads 3.37 a.m., but the stewardess tells you it is time for a sandwich, and before you know it you are in Frankfurt, Germany.

Herbert M. Bratter

To say that the airlines do a swell job in the air is not to imply that they are equally well organized to serve the passenger on the ground. Rather, the experience of this traveller is that there is a great deal of room for improvement there. The businessman arriving in New York to take the trans-Atlantic plane should not count too heavily on getting the hotel room his airline has told him it has reserved for him. He is likely to have to rouse a friend to put him up at the last minute. And if he would check his heavy bags overnight, he must find some place other than the overseas airline office uptown, for they have no facilities. Not only does one branch office of the airline not know what another office knows, the employees in the same office are often not uniformly informed concerning their own company's facilities, requirements and the like. It is not safe to take for granted everything they tell you. Not even that the plane will start on time.

Nor is travel by air yet as comfortable as it appears in the airline ads. If you sleep well sitting up in a streamliner daycoach with "reclining" chairs, you will sleep as well in a DC4 crossing the Atlantic; otherwise not, and

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Germany's Financial Problems Nearing Climax

By Special Wireless to the "Chronicle"

Runaway inflation and breakdown of money economy are imminent unless 4-Zone financial program is immediately instituted. Internal currency system temporarily held in line by strict and complicated controls. Germany now on barter basis, if not actually on "the cigarette standard." Reduction of money supply, capital levy, and reform of banking system, are being urged. French seen as stumbling block to agreement.

BERLIN GERMANY, Sept. 12—At Stuttgart Secretary Byrnes reflected the thinking of financial officials in OMGUS when he forecast runaway inflation here unless a common financial program is instituted in all four zones. Paucity and inferiority of food and other essentials make ration coupons worth more than Reichsmarks and it seems only a question of time before the money economy here will break down if neglect continues. Several months ago a party of American economists headed by Gerhard Colm studied the German financial situation and made detailed recommendations for reform, but so far as is ascertainable, and as is certainly indicated by Secretary Byrnes' speech, a quadripartite agreement on any financial plans is as far off as it is on most other zonal questions.

Rehabilitating Germany's economy requires foreign trade, but this must now revive without any attempt to fix the reichsmark's international exchange value. Definitive evaluation would anyway require several years, but meanwhile external and internal values of Germany's imports, even of a single zone, have no relation-

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Observations . . . .

By A. WILFRED MAY

Alibi-ing the Stock Market Break

Irrespective of disagreement over the reasons for the stock market spanking, the fallacy of the publicly-ascribed external "causes" at least can be clearly demonstrated. Moreover, the debunking of some of the current nonsensical *ex post facto* rationalization constitutes a constructive public service.

A. Wilfred May

By some, including a popular Radio gossipist, the cause for the $9 billion shrinkage in values is ascribed to the bleak international political outlook. But, while humanitarian qualms over the deteriorating East-West outlook surely are justified, its effect on stock equities should conversely be bullish. For heavy prewar armament requirements, and, in the event of war, inflationary pressures, should—in line with the London market's informed action now and with our own bull market in September-October 1939 and 1942-1945—cause a preference for common stocks over cash or bonds.

But the height of absurdity lies in the widespread practice—wittingly and unwittingly—of making a political football of the Stock Exchange. Thus it is argued by some that the "blame" for the return of prices to former levels—with the disappearance of speculators' paper profits—lies with the Administration which is socialistic, pro-Labor, anti-business, and has bungled things generally; and, on the other hand, another group contends that it is the wicked Republicans who are smacking the market to affect the November elections.

Both "reasons" are equally senseless. The first-mentioned excuse advanced by many usually serious and objective—though amateurish—commentators, which blames the current uncomfortable "de-

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Aims Toward Germany Widely Divergent

By Special Wireless to the "Chronicle"

French oppose establishment of central government before satisfactory boundary settlement. Reorganization of economy and politics of Soviet zone almost completed pursuant to Moscow's dictations, with their party line Russians busily trying to break down the three other zones. U. S. striving for self-governing, federalized nation with minimum centralization. British, on other hand, desire more centralization.

BERLIN, GERMANY, Sept. 11, 1946.—Because of their attitude toward Germany and the Rhineland the French oppose any measure furthering German unification. They remember always that they have been repeated victims of German aggression. Not only do they oppose unification of Germany now, they refuse to accept any measure implying a central German Government at some future date until Germany's boundaries have been settled to French satisfaction.

Among examples of French obstructionism in quadripartite dis-

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Business Man's Bookshelf

Russian American Trade—Mikhail V. Condoide, Bureau of Business Research, College of Commerce and Administration, Ohio State University — Columbus, Ohio — cloth.

Amsterdam as International Financial Centre — Netherlands Financial Press Agency, 25 Broadway, New York 4, N. Y.

B. E. Simpson Visiting N. Y.

Bryan E. Simpson of B. E. Simpson & Co., California Building, Denver, Colo. and his wife Clara are New York visitors. They are staying at the 70 Park Avenue Hotel in New York. Mr. Simpson is calling on the dealers.

Logan With First California

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—James H. Logan has become associated with First California Co., 650 S. Spring Street. He was formerly with Hill Richards & Co. and Dean Witter & Co.

The Sell Out by Congress

By ALEXANDER F. WHITNEY*
President, Brotherhood of Railroad Trainmen

Railroad labor leader, charging last Congress with breaking pledges to provide fundamental security, goose-stepping with Wall Street, and causing strikes, urges election of new legislature to perform "unfinished business" of enacting people's "Bill of Rights." Stating problems of one group are those of all people, Mr. Whitney pleads for continuance of wartime unity.

As a people, we are proud of the unity which we achieved in war. We were all conscious of the instinctive way in which we closed ranks behind President Roosevelt when the Japanese struck at Pearl Harbor. Lately, I have heard many people wondering what has happened to that unity. The other day I read a story by a veteran, a newspaperman, who confessed his nostalgia for war. He did not, of course mean that he missed the bullets and mud and death. He spoke of the completely unselfish devotion of men who were going into battle together knowing that many of them would die. He said he missed the absence of petty bickering and the cold indifference to each other's welfare which characterize the civilian world to which he returned. Surely, we as a people, can achieve unity without paying the price of war. And we can remain a constant concern for the welfare of everyone even though we are not threatened with immediate death!

A. F. Whitney

It is a saddening experience to watch veterans, like this newspaperman, return to civilian life and take up the grueling hunt for a place to live, for clothes to

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*A radio address by Mr. Whitney, broadcast by the American Broadcasting Co. from Station WENR, Chicago, Sept. 2, 1946.

The Changeover to Peace

By C. S. YOUNG*
President, Federal Reserve Bank of Chicago

Reserve Bank official holds conversion has been easier than anticipated because of favorable economic environment, manifested in high income payments, little unemployment, production at a new peacetime high, and good condition of banks. Declares we nevertheless have serious problem ahead in developing sufficient non-Government economic strength to replace Federal spending, which is still importantly supporting employment, income, and general business activities.

The changeover to peace has so far been less difficult than anticipated because of the generally favorable economic environment. Income payments have been well maintained, and the level of expenditures both for consumption and investment is high. Unemployment is decreasing and business generally is active. Banks are in better condition than they have ever been. Bankers are studying their local problems and are making a contribution in helping solve the nation's problems. They are, with few exceptions, taking care of the needs of their trade areas.

C. S. Young

One year after the surrender of Japan, many among us look back over the past twelve months with a feeling of considerable disappointment and some frustration in light of what might have been accomplished had economic and political developments in this country and abroad been different. While this somewhat somber attitude properly reflects the numerous reconversion setbacks which have occurred in the Seventh Federal Reserve District and throughout the nation, we cannot overlook the many important, but to a large extent not fully appreciated, gains in business and employment since last October when most post V-J low-points were reached.

New Peacetime Highs

At the present time in the Midwest most businesses are operating at their highest peacetime levels. While the demand for many goods and services still exceeds supply by a wide margin, current production is probably 10% above that in any former peacetime year, although still well below the wartime peak. Never before have more persons been employed in civilian occupations. Money incomes of individuals have been maintained since V-J Day and are also at record peacetime highs. Consumer expenditures are far beyond even the most optimistic expectations at the time victory was won. New and re-established business firms have mounted in unprecedented numbers, with well over 25,000 new establishments added to the business population of the Seventh District alone since the close of the war. Clearly there has been real progress made in recent months despite a seemingly endless series of strikes and production delays. The prospects for further gains in business are for the most part good, barring further extensive and prolonged work stoppages. It is apparent, however, that the Seventh Dis-

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*An address by Mr. Young before Iowa State Bankers Association, Sept. 10, 1946.

Tomorrow's Challenge to Labor

By PHILIP HANNAH*
Assistant Secretary of Labor

After recounting labor's wartime contributions, Mr. Hannah declares it now faces its most fearful challenge in history. As labor's immediate objectives, he lists: a job for every man who needs one; protection from unfair competition and monopoly; adequate health protection; more effective social security measures and educational opportunities for all.

Labor neither deserves nor asks for a special break. It is not a special interest group. It is the greatest single economic group in our country. It is the power behind the industrial machine that made this country great. It was the source of the arsenal of democracy. Without it there could have been no victory. Without it there will be no lasting peace tomorrow.

Philip Hannah

In the first flush of final victory a little over a year ago we were too jubilant to be able calmly to appraise the reasons behind our greatest military victory. A year ago today we were in a mood to celebrate without analyzing the reasons for that celebration. Much has happened since Labor Day 1945, to cause us to study and ponder. We are beginning to realize just how much labor contributed to the salvation of democracy.

We know that we performed a miracle of production but already we are beginning to forget those soldiers of the production line who stayed on the job, who worked long hours under difficult and frequently hazardous conditions, who endured terrible living conditions in crowded war production centers, who cheerfully went without many necessities and paid higher prices for what they could get.

Labor's Great Sacrifice

There are few who will deny that one of the greatest sacrifices American labor ever made was its relinquishment of the right to strike. History will show that time lost through wartime strikes was only one-tenth of one percent of total time worked. And American workers forgot about holidays to keep our fighting fronts supplied. In the munitions

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*An address by Mr. Hannah before the Cleveland Federation of Labor, Cleveland, Ohio, September 2, 1946.

AFL Demands Firmness Toward Russia

By WILLIAM GREEN*
President, American Federation of Labor

Pleading for peace, President Green expresses great skepticism over United Nations Organization, with War Allies sharply split between democracy and communism. Declares primary step toward resolving this conflict is to stop appeasing Soviet. Charges Communist leaders with trying to capture full control of organized labor. Insists workers of America must share benefits of new atomic age.

Let us look forward to a better world which we can help to create by our own efforts. In the world we envision, freedom of opportunity will be open to every one, while the fear of poverty will be banished forever.

William Green

Is this too much to hope for and strive for? In my opinion, it should be our minimum objective, rather than the maximum. Unless we attain these goals, we will have nothing. The world of tomorrow must be a world of peace, or no world. The next war, if we let it happen, may wipe out the human race.

Labor has always regarded war as the great enemy of mankind, leaving death, destruction, disease and destitution in its wake. But the terrible suffering which war has brought about in the past will be as nothing compared to the utter devastation that an atomic war of the future would produce. Not one nation, nor one continent, but the entire earth would be scorched. All our vaunted civilization, every living thing might go up in smoke. We cannot contemplate such horror, nor must we ever permit it to come to pass.

Yet here we are, more than a year after V-J Day, without hav-

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*An address by Mr. Green over NBC network, Sept. 2, 1946.

From Washington Ahead of the News

By CARLISLE BARGERON

Democratic party's strategy in current Congressional campaign is to play up late FDR and his "liberal" policies, with Truman given role of perpetuating Roosevelt philosophy. GOP seen tacitly admitting "strength" of former Chief Executive, but emphasizing present incumbent's lack of leadership.

It is doubtful if any man ever despised the late Franklin Delano Roosevelt more than Senator Burt Wheeler, recently defeated in his campaign for relection. Yet when Jimmy Roosevelt went into Montana against Wheeler in the campaign and delivered an attack upon him, Burt responded with the statement that the young man must not have known his father's real thoughts because the father, said Burt, had asked him to run on the ticket with him in 1940. Under the circumstances this would appear to to be open to doubt.

Carlisle Bargeron

The point is that hard-pressed Burt Wheeler thought it better campaign strategy, not to denounce Jimmy, but to insist upon an association with the great F. D.

The Democratic strategy in the present Congressional campaign is to play up Roosevelt. They are running Roosevelt still. You take any of Bob Hannegan's speeches—they mention Roosevelt 10 times to one mention of Truman. The Democratic apirants for Congress, those in office and those seeking to get there, are talking about Roosevelt. They seldom mention Truman. They insist that the great "Liberal" policies of Roosevelt must be carried on and that to elect a Republican would be a return to reactionarism, and then by way of an afterthought, they say that Truman has inherited the Roosevelt mantle and that he is the man, in small, not capital letters, to shoulder it.

The Republicans seem quite inclined to accept this proposition. They seem to be trying to shy away from Roosevelt. They seem to admit tacitly that Roosevelt was really a hot shot. Then they

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Let Us Restore American "Business as Usual"

By CHARLES E. WILSON*
President General Electric Co.

Holding we are suffering from overdose of "one-world" doctrine and overemphasis on international diplomacy, Mr. Wilson urges us to concentrate on more immediate task of putting our domestic business house in order. Instead of fruitlessly involving our attention in continuing international problems, "let us cultivate our garden," with active smokestacks and ringing cash registers establishing our authority in world councils.

In 1942 we were teetering on the edge of what could only be a long, shattering conflict, the final outcome of which was hidden from us. But the entire world was involved. Years of hard physical struggle were ahead of us, and millions of tons of production. Although we had no way of measuring the confusion, or the depths and extent of the problems ahead, there was one thing that was very clear: the salesman was out of a job. The marketplace was going to be closed for a long time, and it might never re-open. The amazing special talents of selling, which more than anything else characterize America and set it off from every other country in the world, were not going to be very useful.

Charles E. Wilson

We had not yet begun to fight seriously at home or abroad, we didn't even know that we were going to win, and yet American men of business were already looking to the postwar years. True, they were a little ashamed to be doing it, because it didn't seem to be decent and patriotic to think or do anything that was not directly concerned with turning out ships and guns, but it was there just the same. The determination was part of everything we did, that not only were we going to win a

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*A talk by Mr. Wilson before Anniversary Meeting of Sales Executives Club of New York, Hotel Roosevelt, New York City Sept. 10, 1946.

Encourage Small Business: Namm

Speaking at the Dinner Meeting of the National Retail Dry Goods Association's Smaller Store Division held at the Hotel Pennsylvania in New York Sept. 11, Maj. Benjamin H. Namm, Chairman of the Board, the Namm Store, Brooklyn, and President of the Association, called on businessmen generally to help sustain small business, as these represent the last barrier against planned enonomy.

Benjamin H. Namm

"This would seem to be a good time in the current history of the United States to stop for a moment and try to figure out where we are headed," said Major Namm. "One of the foundations of this country has been a belief in equality. We say 'all men are created equal' and we say each individual has the right to the 'pursuit of happiness.' We now find some of these rights throttled by a malignant growth of governmental regulations which seems likely to eliminate much of the nation's small business."

Pointing out that large operators—manufacturers as well as distributors—have had to grow bigger to meet the terms of the biggest competitor of all, their own Federal Government, Major Namm told the more than 350 retailers that the nation was headed for expanded business integrations and monopolies of the worst sort, "unless all of us start looking beyond our temporary gains and undertake a general movement to sustain our smaller merchants and, our smaller industries." "Of course, I refer to concerns which have sound management; I am not calling for a rescue expedition."

"I believe it is high time that large manufacturers, large wholesalers, and large retailers exhibit special interest in the difficulties in which the smaller people find themselves today. Action of this sort may help us to forestall further governmental regimentation and planning which, in the end, results only in further crippling free enterprise," concluded Major Namm.

A Haunted Election Campaign

By CLARENCE J. BROWN*
Congressman from Ohio
Campaign Director of Republican National Committee

Republican Campaign Director states "skeletons of war scandals rattle around us," and "ghosts" from boss-ridden communities actually may be voting this year. Asserts totalitarianism and serfdom are the crucial issues in coming election, which must decide whether central government will continue direction and control over our individual futures.

On the surface this coming election may appear to be the same old contest between Democrats and Republicans; but it is no ordinary tub-thumping and stump-shouting that you will hear during the next two months.

Clarence J. Brown

This is a *haunted* election campaign. The skeletons of war scandals rattle around us. The specter of Communism hovers over our government departments as suspected employees are discharged. Recalling past election scandals in Kansas City and other boss-ridden communities, we cannot be too sure that *ghosts* will not actually be voting again this year.

We must not forget it is apathy and indifference which permit the Pendergasts, Crumps and Hagues to elect their candidates—just as it was apathy and indifference which permitted Hitler and Mussolini to rise to power. It is the neglect of civic duty by the people that really burns a Reichstag or destroys a Congress—a fire that also consumes the people's rights and liberties. That is the reason why we must know and be careful how we vote.

Opposing Government Philosophies

The campaign of 1946 will not be waged between the traditional parties as we have known them in the past. Instead it will be waged between two groups believing in directly opposite philosophies of government. During the last few years we have seen the Democrat Party invaded and taken over by an amazing combination of radical and reactionary forces. The parlor pinks, the leftwingers, the fellow-travelers, the PAC and the Communists have joined with the Pendergasts, the Kellys, the Crumps, the Hagues and other big city machine bosses in ousting true Democrats from positions of power and influence within the Democrat Party. As a result the Democrat Party has become a radical party which preaches radical doctrines and engages in radical practices. While it prates of liberalism, it pampers special privilege.

Since the early '30s there has emerged in this country a philosophy of government utterly foreign to the American plan for a Constitutional Republic. It is the philosophy of totalitarianism—a philosophy almost as old as the earth. Pharoah and Caesar had it.

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*An address by Representative Brown, broadcast over National Broadcasting Company, Aug. 30, 1946.

Wall Street Trying Hard to Explain Stock Sell-Off

By EDMOUR GERMAIN

Many reasons are ascribed by bankers, stock brokers, economists, businessmen, journalists, radio commentators and government officials to explain the sinking spells of New York Stock Market, particularly recent break.

The concern for the future of business in general which the present behavior of the stock market is occasioning in all sections of the financial community in New York is evidence all by itself, of course, of the seriousness of the present situation. It is clear that the current decline, in the words of an economist at one of New York's largest banks, is of such a magnitude as to possess more than just passing significance. It is plain that the market must now revise its estimates of the profits which industry as a whole may be expected to make in the future. The prices of securities listed on the New York Stock Exchange, that is, must seek and very obviously are seeking a new level that will be more in conformity with the economic facts.

Government circles are inclined to take the view—though they are not entirely alone in this view—that the wave of liquidation will

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Public Utility Securities

Utility common stocks have appeared in such relatively large volume this year that the market suffered from "indigestion" even before general weakness developed in the entire list recently. The accompanying table lists the principal utility stocks offered in 1946 to date, including Cincinnati G. & E., which will probably be offered in the current week (to the extent unsubscribed by stockholders).

On the average, new stocks offered in 1946 have declined about 10-15%, which is not out of line with the DJ average, now (around 180) about 14% below year's high.

The new stocks offer attractive yields, averaging at current prices about 5½%. A group of 10 more seasoned issues (see table) yield 4.7%, although the list includes Consolidated Edison with a relatively high yield. The reason for the high yields for the five Ohio issues offered in 1946 (Columbus, Dayton, Ohio Edison, Central Ohio and Cincinnati), may be due in part to confusion over regulation of rates in that State. Regulatory powers are shared by municipalities and the State Commission, and there have been some questions raised recently as to the safety of present rate structures. However, we find an old-line Ohio stock, Cleveland Electric Illuminating, selling to yield 4.6% even though there may be the same question regarding rates. Moreover, Cincinnati G. & E. (new issue) has already absorbed its rate cut in the current earnings statement, although the company is continuing a legal battle for the old rates and over $4,000,000 escrowed revenues. Hence, high yields offered by the new Ohio stocks seem due principally to their unseasoned character rather than to rate questions.

There may also be some distrust of recently initiated dividend rates on the new issues. However, so far as the writer is aware, these dividend rates seem about as conservative in relation to pro forma earnings as those of seasoned issues (average utility pays out about 70-75% of earnings available for common dividends).

The high rates on other stocks in the "new" list may be attributed to other factors. Dallas Railway & Terminal is a traction and hence entitled to a higher yield, but the figure for this company has not been included in the average for the new group. Scranton Electric may be entitled to a better-than-average yield because of the industrially-backward character of the area served (the heart of the coal mining territory), although a careful study of the area and the company would seem to indicate that this factor is being exaggerated marketwise. Tucson and Arkansas are both small issues which might be expected to yield more than average.

Summarizing — it would appear that the Ohio stocks offered this year deserve greater consideration marketwise and that investors might well switch some of their old-line holdings into these issues to improve average yields.

COMPARISON OF UTILITIES OFFERED IN 1946 WITH SEASONED ISSUES (9-9-46)

	—Offering— Date	—Offering— Price	Price About	% Dec.	Div. Rate	Yield About	Where Traded
Principal Utility Stocks Offered in 1946:							
Tennessee Gas & Trans.	1-17	12	15	--	--	--	O
Dallas Railway & Terminal	1-23	23¼	21	10%	$1.40	6.7%	O
Tennessee Gas & Trans.	4- 9	19¾	15	24	--	--	O
Scranton Electric	5- 2	22½	18	20	1.00	5.6	O
Public Service New Hampshire	5- 9	39	33	15	1.56	4.7	O
Columbus & Southern Ohio Electric	5-23	53½	43	20	2.40	5.6	S
Arkansas-Missouri Power	5-25	18	17	5	1.00	5.9	O
Tucson Gas Elec. Light & Power	6- 7	40	34	15	2.00	5.9	O
Dayton Power & Light	6-10	35¾	32	10	1.80	5.7	S
Ohio Edison	6-25	41¼	36	13	2.00	5.6	O
Central Ohio Light & Power	7-11	32½	30	8	1.60	5.3	O
Cincinnati Gas & Electric	*	26 w.i.	26 w.i.	-	1.40	5.4	O
Average yield						†5.5%	
Selected Seasoned Utility Stocks:							
Consolidated Edison			29		$1.60	5.5%	S
Commonwealth Edison			32		1.40	4.4	S
Philadelphia Electric			27		1.20	4.5	S
Pacific Gas & Electric			42		2.00	4.8	S
Boston Edison			50		2.40	4.8	B
Consolidated Gas (Baltimore)			77		3.60	4.7	C
Cleveland Electric Illuminating			44		2.00	4.6	C
Southern California Edison			34		1.50	4.4	S
Houston Lighting			84		3.60	4.3	S
Idaho Power			35		1.60	4.6	S
Average yield						4.7%	

*Offered to stockholders at 26 and unsubscribed stock will probably be offered around that figure. †Excludes Dallas R. & T., a traction stock. w.i.—When issued. B—Boston. C—Curb. O—Over-the-Counter. S—Stock Exchange.

The Dealer and His Public

By PAUL M. MILLIANS*

Vice-President, Commercial Credit Corp.

Finance company official points to automobile industry's declines in production in the face of rising wages, and the resultant danger of curtailing mass buying markets. States consumption backlog may have been overestimated, and that intense competition will return. Hence, dealers must concentrate on building goodwill.

John Chamberlin in reviewing Henry Hazlitt's new book, "Economics in One Lesson," said that as he read the book a line from the late Clarence Day's verses kept ringing in his head: "Like us, they ate each other up." Mr. Day was referring to the great armored beasts of the age of the dinosaurs.

Paul M. Millians

Doesn't there seem to be a ring in this same line for us . . . as we think of passing events in the automobile industry?

Like us, they ate each other up . . . there is a modern cannibalism going on in the automobile industry. Men are eating up their brothers via inflation and the false pursuit of special interests at the expense of the interests of the industry as a whole.

In line with the common error made by many kind-hearted innocents in thinking of all of our social and industrial problems in terms of money instead of goods, wages in the automobile industry have been substantially increased while production from direct labor man-hours has gone down. And the inescapable consequence of such cost-accounting has been to push prices to a point that has already left gaping holes in brackets under $1,000 where pinnacles of production and distribution and jobs have been achieved.

The epic character of the industry has been its genius for making automobiles at a price that great numbers of people could buy and at a quality level they would buy and buy again. We may now seriously question whether the industry is tending in the other direction . . . for any thought that mass markets for cars will just move up to higher price brackets needs important qualifications.

The Back-Log of Spending

The back-log of spending required to support mass markets at higher prices is not quite so well guaranteed as was imagined. Spending out of current income may be less than some expect.

A fairly accurate inventory of savings made recently shows that roughly seventy per cent of the population hold savings of less than $900, and moreover nearly eighty per cent of those who do hold these savings intend to keep them; to use them only in case of an emergency. As George Shea of "Barron's Weekly" said a short time ago, "there is an element of the miser in most of us. . . we like to squirrel away nuts for the winter."

On the question of spending out of current income . . .

The wage earning population of the country as a whole has not reached income levels attained by the high-paying automobile industry, and furthermore price spirals and taxes have eaten their way steadily and deeply into the buying power of not only this lower-wage group, but also the fixed income group which traditionally has been an important force in car buying.

Regulation W with its discriminatory and rather grotesque provisions may be carried over to a time when the support that installment credit gives to buying power will be needed. Down payments and monthly payments may be fixed at a point above what perfectly safe lower-income buyers can afford.

Narrower markets, less production, fewer jobs . . . or either lower quality that will build up buyer resistance. Like us, they ate each other up.

However that is another story. It is background against which we examine the topic I have been asked to discuss . . . "The Dealer and His Public."

Herbert Hoover, whose economics are solid regardless of any political beliefs we may hold, said in discussing inflation at the end of World War I that: "You cannot catch an economic force with a policeman." This is but another way of saying that all the government planning and direction in the world cannot keep natural human and economic laws from working . . . under competitive conditions.

And this brings me to my piece.

Returning Competition

Sooner than we may think car buyers will no longer outnumber

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*An address by Mr. Millians before West Virginia Automobile Dealers' Association, Clarksburg, September 6, 1946.

Clyde Keith Returns To Shillinglaw, Bolger

CHICAGO, ILL.—After three years in the Army, Clyde H. Keith, Vice-President and Secretary of Shillinglaw, Bolger & Co., 120 South La Salle Street, members of the Chicago Stock Exchange, has returned to his former position. He has been associated with the firm since 1933.

He entered the Army July, 1943, and attended Officers Candidate School, Camp Lee, Virginia, from which he was graduated in July, 1944. He was assigned commissioned duty as fiscal officer with responsibilities of supervising payments to contractors for materials and services. On these assignments he worked in Washington, D. C., New York, Philadelphia, and Savannah.

Los Angeles Exchange Plans Paid President

LOS ANGELES, CALIF.—It is understood that the Governors of the Los Angeles Stock Exchange are amending the constitution of the Exchange to provide for a paid President as the chief executive officer. A thorough review of the management setup is desired by the membership it is said and a committee will study the problem. The only salaried officer of the Exchange at the present time is its Executive Secretary, W. G. Paul. Other functions of the Exchange are carried on by various committees under the Board of Governors.

William T. King With Russell, Berg & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS.—William T. King has become associated with Russell, Berg & Co., 75 Federal Street. In the past he was in charge of the municipal department for F. S. Moseley & Co.

Business is Bogged Down By Government Interference

Automobile Executive says nation can have unprecedented prosperity if Washington will cease efforts to make planned economy work in peacetime. Attributes recent stock market slump to continued government harassment of business, thereby causing industrial stagnation. Sees no danger of runaway inflation provided free enterprise system is permitted to function sans shackles of government interference.

America can go forward into the greatest era of prosperity the country has ever known provided Washington will stop trying to make a planned economy work in a free democracy in peace time, Joseph W. Frazer, president of Kaiser-Frazer and Graham-Paige Motors, said in an interview at Nashville, Tenn., on Sept. 6.

Joseph W. Frazer

"The two systems are diametrically opposed," Frazer said. "A planned economy belongs to a dictatorship—a free democracy belongs to a free people.

"Just as the nation could not exist half slave and half free in Civil War days, so it cannot exist half planned and half free," the auto executive told reporters.

"There is no need for wonder or surprise at the stock market slump, which generally indicates a business recession," Frazer said. "It is the result of constant government interference in business which is causing industrial stagnation and preventing the country from hitting its stride.

"Big business and little business is bogged down with government red tape, thousands of rules, regulations, reports to make and questionnaires to fill out. The little business man is spending so much of his time reporting to various government bureaus that he doesn't have time to run his business and produce or sell his merchandise. That's why there is uncertainty as to our future," Frazer said.

"Savings banks are bulging, more than 62 million people are at work and there is a great demand for goods and services of all kinds. Our national debt of upwards of 350 billion dollars is really increased working capital in the hands of the people, which should be put to work. The nation owes this debt to itself and the people and it should be used for productive efforts," Frazer said.

"There is no danger of runaway inflation because of America's unlimited natural resources and the competitiveness of our system which, if freed from the shackles of government interference, will cause prices to adjust themselves and the country to go forward."

Frazer said that production at Willow Run, the home of both Kaiser-Frazer and Graham-Paige, would reach 100 automobiles per day next week and that schedules call for 1,000 cars per day by the turn of the year. He said that the more than 4,200 dealers and distributors of the companies' products had a net worth of upwards of $185,000,000 and that the company had firm orders for 1,004,000 cars and 100,000 Rototillers, the new farm machine produced by Graham-Paige.

Nationwide Groups Offering $97,500,000 Columbia Gas & Electric Debentures

A nationwide group of 156 investment bankers, headed by Morgan Stanley & Co. and The First Boston Corp., is making a public offering today of $77,500,000 Columbia Gas & Electric Corp. 3⅛% debentures, due 1971, at 100% and accrued interest. Simultaneously an issue of $20,000,000 1⅞% serial debentures is being offered by a syndicate headed by Morgan Stanley & Co. at an average yield basis of 1.96%.

As previously announced, consummation of this financing on a negotiated basis is the outcome of the Columbia Gas & Electric Corp.'s application to the Securities and Exchange Commission earlier in the week to exempt the 25-year debenture issue from its competitive bidding rule because of disturbed market conditions. Upon the receipt of such exemption the company entered into discussions with Morgan Stanley & Co. and The First Boston Corp. regarding a negotiated sale and public offering of the issue. That this decision was timely was borne out by a continued unsettlement in the securities market on Tuesday, the day upon which the competitive sale was to have been held. In spite of conditions on that day the managers negotiated a contract that afternoon on terms acceptable to the company subject only to final SEC approval of the terms as required by law after a public hearing in Philadelphia on Wednesday. The managers stated at a hearing that they considered the public offering price fair both to the buyers and to the company. The company has pointed out that the average interest rate on the serial debentures and these 25-year debentures will be approximately 2.87%.

The financing is the last major step of a program to comply with the integration order of the SEC under the Public Utility Holding Company Act of 1935. This program included divestment of ownership of The Dayton Power and Light Co. and The Cincinnati Gas & Electric Co. Proceeds from the sale of common stocks of these companies, together with the proceeds from the sale of these debentures and the $20,000,000 serial debentures bought by a group headed by Morgan Stanley & Co. on Tuesday at competitive bidding also being offered today aggregate $198,000,000. Of these proceeds, $187,000,000 has been or will be used to retire the corporation's 5% debenture bonds due 1961, bank notes and preferred and preference stocks. The balance of the proceeds, approximately $10,000,000 after expenses, will be used for financing construction by subsidiary companies of proposed additional property and facilities.

Columbia Gas and Electric Corp. is a public utilities holding company. As a result of the above divestment program, it is now primarily engaged through its subsidiary companies in rendering gas utility service in Ohio, Pennsylvania, West Virginia, Kentucky, Maryland, New York and Virginia to a population estimated at 4,300,000 residing in more than 1,200 communities and adjoining areas. The greater part of New Columbia System's interconnecting natural gas systems, including substantially all its natural gas production properties, the major part of its network of long distance natural gas pipe lines and its gas distribution properties in Ohio, Pennsylvania, Maryland, West Virginia and Kentucky, have been retained under the integration order of the Securities and Exchange Commission. The SEC reserved for later determination decision regarding certain properties in New York and the Seaboard transmission system properties. By sale of the Dayton and Cincinnati common stock holdings, Columbia has ceased to own subsidiaries engaged in the electrical operating business.

Illinois Brevities

Two of the major problems confronting Chicago's transit unification plan may be solved this month. They are the petition of the Chicago Rapid Transit Co. (elevated lines) for a permanent fare increase and the request of the Chicago Surface Lines for at least a temporary boost in street car fares.

If a final decision is forthcoming from the Illinois Commerce Commission on the pleas for fare relief, the stage then will be set for what may be the final encounter of the campaign.

This will be the appeal of Surface Lines junior security holders, set for Nov. 4 in the Circuit Court of Appeals. Both B bondholders of the Chicago Railways Co. and stockholders of the Chicago City Railways Co. have been shut out from participation in the proposed plan of sale. Because of this appeal, setting of a date for transfer of the street car property has been postponed indefinitely.

Efforts of the junior security holders to obtain participation in the proceeds of the sale already have been responsible for months of litigation. Traction circles now believe both companies may be under public ownership next Spring if the Chicago Transit Authority obtains a favorable decision.

Some opinion has been expresesd that the proposal to pay off other security holders of the Surface Lines may have been invalidated by events of the past six months. These include increases in wages and the cost of materials without fare relief. This, it was said, has reduced the company's free surplus cash in which certain bondholders had been promised a share.

* * *

Directors of the Chicago Board of Trade ordered resumption of trading in wheat for future delivery in January, March and May contracts, following the lifting of price ceilings. Trading in wheat futures here was discontinued June 13 when contracts were ordered liquidated at the market price.

* * *

Parallels between this year and 1919 are not close enough to call for predictions of a boom and recession of readjustment similar to that which followed World War I, the Federal Reserve Bank of Chicago advised businessmen in this area. Unless the parallels between 1947 and 1920 are closer it will be dangerous to rest estimates even primarily on the analogy, the bank said.

It is possible for price declines to come gradually, it was pointed out, with a few industries at a time encountering apparent overproduction of final products while such key items as housing and automobiles remain scarce.

Points of difference between 1946 and 1919 now dominate any comparison of the two postwar periods, the bank said. One significant difference was said to be the more remote position of the United States from the direct influences of foreign business conditions.

* * *

Chicago bankers said the Federal Reserve Board's action in tightening credit controls would be a blow to sales of automobiles and other durable consumer items. The bankers noted that the size of the average loan outstanding has increased substantially with the recent rises in the cost of living.

One executive said "Fifteen months is out of the question for the bulk of low income automobile buyers. Twenty-four to 30 months would be more sensible."

* * *

Completion of arrangements by the Standard Oil Co. (Indiana) for a credit of $50,000,000 with the First National Bank of Chicago and 11 participating banks was announced.

Arrangements provide that the funds will be taken down in installments by Feb. 1, 1947. The loans will run for five years from that date at a rate of 1½%, believed to be a record low interest rate for a loan of that size and term. The company has the option of renewing the loans for another five years at a 1¾% rate.

* * *

Saturday trading in securities was resumed by the Chicago Board of Trade, although the New York Stock Exchange, New York Curb Exchange and Chicago Stock Exchange are not planning to resume Saturday short sessions until Oct. 5. The Board of Trade also resumed Saturday cotton trading in coordination with the New York Cotton Exchange.

Dealer-Broker Investment Recommendations and Literature

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

Airlines 1946—Study of financial position and outlook for the industry with individual surveys of the potentialities of eighteen different companies — Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, N. Y.

Amsterdam as International Finance Centre—Descriptive booklet by Amsterdam Stock Exchange Committee—The Netherlands Financial Press Agency, 25 Broadway, New York 5, N. Y.

Aviation Bulletin — Including forecast of airline passenger traffic—John H. Lewis & Co., 14 Wall Street, New York 5, N. Y.

Bank & Insurance Stock Digest—Study of situation with particular reference to certain selected issues—Geyer & Co., Inc. 67 Wall Street, New York 5, N. Y.

High Lights of Wall Street—Recent developments—J. F. Reilly & Co., Inc., 40 Exchange Street, New York 5, N. Y.

Over-Counter Quotations—Leaflet of bond and stock quotations—Greene & Co., 37 Wall Street, New York 5, N. Y.

Railroad Equipment Industry—Analysis of Interesting Outlook—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Real Estate Issues—Statistical reports in view of current market conditions—Amott, Baker & Co., Inc., 150 Broadway, New York 7, N. Y.

Stocks in Attractive Buying Range—Tabulation of issues appearing attractive at current levels—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also available are memorandums on current developments in several issues.

"Timber Returns"—Brief resume of the lumber and timber industry with data on **Long Bell Lumber Co., Richmond Cedar Works, Southwest Lumber Co.,** and **Weyerhauser Timber Co.**—Ask for Booklet C—William L. Burton & Co., 25 Broad Street, New York 4, N. Y.

American Power & Light Co.—Special report—Cohu & Torrey, 1 Wall Street, New York 5, N. Y.

American Window Glass Co.—Analytical brochure indicating speculative possibilities—Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Argo Oil Corp.—Descriptive circular—Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York 4, N. Y.

Also available are circulars on **Tennessee Products** and **Wellman Engineering.**

Aspinook Corporation—Circular—Ward & Co., 120 Broadway, New York 5, N. Y.

Also available are memoranda on **W. L. Douglas Shoe Co.; General Tin; Hartford Empire; Lanova Corp.; Mohawk Rubber; New Jersey Worsted; Oil Exploration;** and **Taylor Wharton Iron & Steel; Barcalo; Haloid.**

Avondale Mills—Report—Luckhurst & Company, 40 Exchange Place, New York 5, N. Y.

Baltimore & Ohio — Current memorandum—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Burlington Mills Corporation—Progress report bringing up to date the growth of this textile organization—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

California Consumers Corporation — Detailed report — J. S. Strauss & Co., 155 Montgomery Street, San Francisco 4, Calif.

Also available is a study of **Iowa Southern Utilities Company.**

Central Public Utility Corp.—Recent revised projections of work-out values — Brailsford & Co., 208 South La Salle Street, Chicago 4, Ill.

Central Public Utility 5½s of '52 and Consolidated Electric and Gas Pfd. — Comprehensive study and analysis in brochure form—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Chicago Corporation — A new analysis of the company, which is now listed on the N. Y. Stock Exchange, with special reference to the Oil and Gas Division—Hicks & Price, 231 South La Salle Street, Chicago 4, Ill.

Also available are memoranda on the **Muter Co.** and **Consolidated Gas Utilities Corp.**

Chicago, Rock Island & Pacific Railway—Circular—Bendix, Luitweiler & Co., 52 Wall Street, New York 5, N. Y.

Cook Paint & Varnish Co. — Analysis—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Decker Manufacturing Co.—Detailed Analysis—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available are analyses of **Hydraulic Press Manufacturing Co.; Long Bell Lumber Co.,** and **Miller Manufacturing Co.**

Detroit International Bridge Company — Recent study — F. J. Young & Co., Inc., 52 Wall Street, New York 5, N. Y.

C. H. Dutton Company—Analysis for dealers only on 66-year old company with interesting prospects—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Dwight Manufacturing Co. — Descriptive analysis—du Pont, Homsey Co., 31 Milk Street, Boston 9, Mass.

Also available is an analysis of **Boston Wharf** and **Purolator Products.**

Eastern Corporation — memorandum—Buckley Brothers, 1420 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **No. Indiana Public Service Co.** and **Electric Power Equipment.**

Foremost Dairies, Inc.—Memorandum for banks, dealers and brokers—Troster, Currie & Summers, 74 Trinity Place, New York 6, N. Y.

General Public Utilities Corp.—Analysis—Hettleman & Co., 1 Wall Street, New York 5, N. Y.

Higgins, Inc. — Analysis of the situation and prospects for appreciation—J. F. Reilly & Co., Inc., 40 Exchange Place, New York 5, N. Y.

Lipe Rollway—Analysis—Raymond & Co., 148 State Street, Boston 9, Mass.

National Terminals Corporation —Late memorandum for dealers only—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

New Bedford Rayon—Discussion of Interesting Situation for Income—F. K. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available is a circular on **Delaware Rayon.**

Northwestern Yeast Company—Memorandum—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Panama Coca Cola—Circular on interesting possibilities — Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Fred B. Prophet Company—Detailed memorandum—De Young, Larson & Tornga, Grand Rapids National Bank Building, Grand Rapids 2, Mich.

Red Rock Bottling Co. of Cleveland — Memorandum — Frank C. Moore & Co., 42 Broadway, New York 4, N. Y.

Rockwell Manufacturing Co.—Analysis—Steiner, Rouse & Co., 25 Broad Street, New York 4, N. Y.

St. Louis Public Service "A" — Detailed memorandum — First Securities Company of Chicago, 134 South La Salle Street, Chicago 3, Ill.

Also available is a memorandum on **Standard Milling Co.**

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

Seaboard Air Line—Study of situation in a railroad equity with speculative possibilities — R. M. Horner & Co., 30 Broad Street, New York 4, N. Y.

Sheller Manufacturing Corp. — Recent report—**Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Showers Brothers Co.—Analysis —Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

Soya Corporation of America—Analysis—Peter Morgan & Co., 31 Nassau Street, New York 5, N. Y.

Steel Products Engineering Company—Memorandum—Dempsey & Co., 135 South La Salle Street, Chicago 3, Ill.

Syracuse Transit Corporation—Study of situation and outlook—J. V. Manganaro Co., 50 Broad Street, New York 4, N. Y.

T. W. A.—Current analysis—John J. O'Brien & Co., 209 South La Salle Street, Chicago 4, Ill.

Warner Company — Memorandum—H. M. Byllesby & Co., Stock Exchange Building, Philadelphia 2, Pa.

Western Light & Telephone—Memorandum—Buckley Brothers, 420 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **Gruen Watch Co.** and **Eastern Corporation.**

Munising Wood Products Taken by Dearborn Co.

Financing provided by group headed by American Securities Corporation. Charles G. Terry now Dearborn Co. Director.

The Munising Wood Products Company of Marquette, Michigan has been purchased by the Dearborn Company of Chicago, for an undisclosed amount, from the Cleveland-Cliffs Iron Company. The purchase was financed by a group headed by the American Securities Corporation according to an announcement made recently by Charles G. Terry, President of the latter company. Mr. Terry has been elected a director of the Munising Wood Products Compuany.

Charles G. Terry

This acquisition will round out the Dearborn Company's production of all types of wooden articles from the log to finished products for the consumer.

Saul R. Miller With Swift, Henke & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Saul R. Miller has become associated with Swift, Henke & Co., 135 South La Salle Street. He was previously with the Republic Investment Co. and prior thereto conducted his own investment business in Chicago under the name of S. R. Miller & Co.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Ronald E. Cramer, James W. Henley, and Ralph S. Longstaff, Jr. are with Merrill Lynch, Pierce, Fenner & Beane, Board of Trade Building.

La Salle Street Women To Meet Sept. 19

CHICAGO, ILL.—Miss Florence Meves, President of La Salle Street Women, announces that the club's fall and winter season will open with a dinner meeting at the Cordon Club, 410 South Michigan Avenue at 6:30 p.m., Sept. 19th. The guest speaker will be James E. Day, President, Chicago Stock Exchange, whose subject will be "The Stock Exchanges and the Public." Other scheduled luncheon and dinner speakers for the club year are: George A. Kuyper, Manager, Chicago Symphony Orchestra; Mrs. Esther Kegan, lawyer; Mrs. Jo Ford Admansson, Regional Director of Public Relations, Capital Airlines, PCA; Arthur J. O'Hara, Vice-President, Northern Trust Company; Miss Alva Lowry, Interior Decorator and Miss Judith Richardson, President, Black Lights Products Corporation.

First Securities Adds Two

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—William B. Daniels and Vincent Dimiceli, Jr. have become affilated with First Securities Company of Chicago, 134 South La Salle Street. Mr. Daniels was formerly with Link, Gorman & Co. and Thompson Ross Securities Co., Inc.

R. P. Bennett Opens

ORANGE, N. J. — Robert P. Bennett is engaging in the securities business from offices at 240 Reynolds Terrace. Mr. Bennett was formerly a partner in E. A. Clark & Co.

Brindley in Munic. Dept. Of Coffin & Burr, Inc.

Coffin & Burr, Incorporated, 70 Pine Street, New York City, announces that Robert E. Brindley is now associated with the firm in its Municipal Bond Department. He was formerly with Charles Clark & Co. and prior thereto was a partner in Robertson & Brindley.

La Grange & Co. to Admit

La Grange & Co., 60 Beaver St., New York City, members of the New York Stock Exchange, will admit Arthur J. Schwartz to partnership on Oct. 1.

NY Finance Inst. Fall Term Courses

The New York Institute of Finance has announced its courses and instructors for the fall term of 1946 as follows:

Accounting Principles I—Melvin G. Ott, Robert Winthrop & Co. and Samuel P. Lisman, Auditor for New Nork State Department of Labor.

Accounting Principles II—Jerome J. Kern, C. P. A.

Business Economics — Louis H. Whitehead, Louis H. Whitehead Company.

Business Finance — Wm. C. Stafford, Employment Supervisor of Colgate - Palmolive - Peet Co. and former director of the School of Business, Rider College.

Money and Credit — William K. de Veer, First National Associates of Florida, Inc.

Work of the Stock Exchange and Brokerage Office Procedure—John H. Schwieger, New York Stock Exchange; A. P. Morris, Estabrook & Co., George W. Elwell, Hicks & Price; Arnold Southwood; Herman H. Kuver, New York Stock Exchange.

Work of the Order Department—Fred W. Hansen, Pershing & Co.

Work of the Margin Department—Paul C. Fitzgerald, Hirsch & Co.

Work of the P. & S. Department—Carl Dreyer, D. H. Ellis & Co.

Work of the Cashier's Department—George E. Rieber, National Association of Securities Dealers.

Accounting Background for Security Analysis—Albert P. Squier; and Melvin G. Ott.

Security Analysis I—Sidney B. Lurie, Paine, Webber, Jackson & Curtis; and Charles F. X. McGolrick, Charles Clark & Co.

Security Analysis II — Herman J. Borneman, New York Stock Exchange; Stephen M. Jaquith, Investors Counsel, Inc.

Investment Accounting Management—Stephen M. Jaquith.

Analysis of Public Utility Holding Company Securities—W. Truslow Hyde, Jr., Josephthal & Co. Co.

Aanalysis of Railroad Securities—Herbert F. Wyeth, Shields & Co.

Current Developments in Utilities—Harold H. Young, Eastman, Dillon & Co.

Current Problems in Security Analysis — Benjamin Graham, Graham-Newman Corp. (registration has been closed for this course).

Correspondence courses in Work of the Stock Exchange and Brokerage Office Procedure and Investment and Security Analysis are also offered.

Enrollment may be made at the New York Institute of Finance, 20 Broad Street, New York City from which information on tuition fees may also be obtained.

Robert King Jr. With First Secs. Corp.

DURHAM, N. C.—Robert King, Jr. has become associated with First Securities Corporation, 111 Corcoran Street, as head of the statistical department. In the past, he was with the Fitch Investors Service.

W. T. Howard Now With Jamieson & Co., Mpls.

MINNEAPOLIS, MINN. — William T. Howard has become associated with Jamieson & Co., First National Soo Line Building, members of the New York Stock Exchange. Mr. Howard was formerly manager of the trading department for J. M. Dain & Co.

The Dealer and His Public

(Continued from page 1381)

cars. Unless the total number of cars in use increases beyond any reasonable guess, it will again be necessary to sell an average of two and one half used cars in order to sell one new car. Sales of service and accessories which accounted for all the profit of 354 dealers in 1939 will again take on new importance. Competition will become intense.

In anticipation of this it seems perfectly logical that dealers should begin—today—to replenish their funds of good-will which the difficult war years have drained, and which now face still heavier withdrawals by a public that has grown more critical with peace.

A great many factors create good-will . . . a great many more create ill-will which makes efforts to build good-will necessary. We can discuss only a few.

For working purposes I shall take advantage of the objective viewpoint that only an outsider can have of your business and ask a few questions. I suggest that you consider them open-mindedly for this is the first requirement for all improvement in any business.

And as a first question . . . Have you become too prosperous for your own good?

Prosperity is sometimes a form of disintegration. There is nothing disintegrating, of course, about making money; and it is the right and the job of every automobile dealer here to make all the legitimate profit he can. But the drive for immediate dollars too frequently causes neglect of giving full value, and of fairness and of decency and courtesy which give a business character . . . things that have to be added to the dollar sign to build permanent good-will. Things added . . . I ran across an extraordinary definition of good-will a few days ago . . . "It's like salt. It's what makes potatoes taste bad if you don't put it on."

Preserving Goodwill

No matter how prosperous you may become, for every entry made on your books in terms of immediate dollars, another one should be made in future dollars in terms of good-will.

As a second question . . . Do you enjoy the loyalty of the owners of the cars you sell? Do you have the kind of service department needed to earn and hold that loyalty?

A consumer analysis made recently by the "Philadelphia Evening Bulletin" shows that among car owners in Philadelphia 27% took their cars to the orginal dealer for repairs, 7.8% to another new car dealer, and 55.2% to independent repair shops. If this is at all representative of your business it suggests that you should go back into your shop and look around.

And a good place to start would be to search out customer complaints and to handle them personally. Complaints provide a good measure of what people think about your business, for back of every complaint there are perhaps a dozen other people who feel the same way but don't say anything about it. They just go somewhere else.

The next best thing to an old customer is a new customer . . . and an old customer who thinks enough about your business to complain should be cultivated.

Perhaps the complaints would show technical incompetence in the shop . . . men doing jobs for which they are preposterously ill-equipped; and this is always a breeder of ill-will because their call-backs and dissatisfied customers are the certain result. Primarily, running a service department so as to hold customer loyalty is a problem of selecting and training men to do thoroughly good repair work.

But the problem of proper employee conduct and employee attitudes also has enormous good-will significance.

Encourage employees to have a zealous concern for the interests and desires of customers. We all have remembered emotions of some employee somewhere who went off on a mental vacation into the land of his own interests when we asked him a question. Remind employees today and tomorrow and tomorrow of the importance of customers . . . to them. That it is the customer who is the boss, and who provides the jobs and meets the Saturday payroll. Nowhere has the importance of customers been put more simply, yet more convincingly, than it was in a General Motors Annual report of several years ago. Most of you have seen it . . . "The amount of work in General Motors was less than ever before because we had fewer customers."

Difficult? Yes. For it is hard than ever before to get employees to tie their own self-interests into employer interests. But the search for a way is nonetheless important.

If your meployees are not going all the way in trying to help you do the best of all possible jobs in operating your dealership if employee attitudes toward joint efforts to do this are wrong, experiment with putting your business more on a "We" basis. Recent history of business is rich with cases in which this alone succeeded beyond all expectations. Tell your employees you need their help. See that they understand your business, your objectives, your problems.

A sense of belonging, a sense of being needed . . . these are the finest incentives known in dealing with human nature.

But I must rush on to a conclusion. . . . We have discussed the Service Department particularly because there customer contacts are largest, and there the opportunity for building good-will through efficiency and right employee attitudes is greatest.

Influences on Dealer Good-will

So very many more things influence dealer good-will. We have had time to examine only two at any length; however, your daily experiences will suggest a dozen others.

Consider these for example . . .

Correct selling at the point of sale . . . for here the opportunity to make a firm friend of a car buyer is excellent. Do a thorough servicing job on the new car delivered, or if a used car, make a fair and complete representation of its condition or lack of condition, for the sake of the customer loyalty we have discussed, and because satisfactory ownership of a used car delivered, may determine the long-range prospects for a new car sale. You may lose a few immediate dollars by doing this, but you will get them back with interest later. A. T. Stewart founder of the great John Wanamaker stores a hundred years ago always tried to do a little something extra at the point of sale, throwing in a yard of ribbon, or elastic, or a spool of thread.

The good appearance of your place of business. . . . An old woman in a little white house in a Carolina valley has a demand for the eggs and butter and vegetables she sells, that always exceeds the supply. There is no sign to tell passers-by that she is even in the business. "How do people know you are in business?" someone asked her. "Well sir," she said, "mostly they don't know right off. But when they've driven by they see my flowers and stop in to ask questions and I tell them then what I've got." Now, obviously I'm not suggesting that you go home and plant flowers around your business . . . although I do know one dealer in Florida who attracts customers with the flowers he has planted out front. The point is that appearance has important good-will value.

Good citizenship . . . an active interest in civic and church affairs, take time out to be neighborly, do some over-the-fence talking.

Advertising . . . to keep your name before the community you serve. Customers and prospects have short memories and to let them forget you is to lose good will.

Publicity . . . create news stories about your business by doing things and by thinking up things to get yourself talked about, discreetly of course. The job is to attract attention without forfeiting either proper dignity or respect. . . . Every knock may be a boost, as the old adage goes, but it is bad publicity and definitely bad business.

Finally . . . "Never was there a time when so many paid so much for so little." In this interim period of scarcity, when the temptation to add on a few unearned dollars is admittedly great, restraint will pay big dividends in customer good-will later . . . avoid any flavor of narrow selfishness, do nothing devious or uncandid, lean backward more than ever before to be totally fair in all dealings.

Such then are some of the forces that build good-will, one of the basic facts surrounding the success or failure of your business.

And I give my last minute to that great friend and counselor of automobile dealers everywhere, Mr. Chester Bowles.

In his book just published, "Tomorrow Without Fear," Mr. Bowles fairly bubbles with beautiful optimism about the future. He tells us that inasmuch as our annual production has doubled every twenty years since the Civil War, we will have two hundred billion next year, four hundred billion in another twenty years, and eight hundred billion forty years from next year . . . and on and on.

May his prediction come true, and may each of you and the great automobile industry of which we are all a part inhabit Chester's paradise.

However I commend the thought that you head into the future with all the good-will you can possibly build for your business . . . now.

You may find a need for it. . . . Chester may be wrong again.

Railroad Securities

The market break that the majority of rail analysts had been expecting and waiting for for many months finally arrived. It arrived shortly after many of them had begun to think that maybe they were mistaken and that it would not come at all. Aside from any weakness there may have been in the technical position of the market as a whole it had long been apparent that there was, and had been for a long time, just too much indiscriminate speculation in railroad securities. People had begun to lose sight of the pre-war earnings status of individual railroads and were concentrating on the war time records.

During the war period there was a demand for rail transportation sufficient to tax severely the overall rail transportation plant of the country. The normal economic routes could not handle the tremendous flow of freight and passenger business and were forced to hand the overflow over to what may be designated as secondary routes which are not in a position to compete for the traffic in a normal economy. As a natural result many roads fundamentally in the weakest positions were able to record the most spectacular revenue gains during the war years. To this factor was added the huge volume of passenger business.

Given a 100% load factor practically any road can make money on its passenger business even though under normal conditions virtually all passenger business is conducted at a loss. Similarly, regardless of the inherent operating weaknesses of the individual property virtually any railroad can make money on its freight busines given a sufficient volume. Thus under conditions such as had been experienced during the war it was natural for uninformed speculators to forget that there are a large number of railroads which because of traffic or operating weaknesses, or both, can hardly hope normally to show much, if anything, in the way of profits even in generally prosperous periods.

The weakness of the individual roads began to reassert themselves shortly after V-J Day. To a considerable degree, however, they were disregarded because of the wide publicity given to the fact that all railroad earnings late in 1945 were being distorted by heavy charges for amortization of defense facilities. The surprising thing is that even as month after month the 1946 earnings served to emphasize the unfavorable status of the weaker roads (including even some which had gone through drastic reorganizations) the market continued to ignore the obvious implications. It was apparent that such a condition could not go on indefinitely. Eventually it would have to be recognized by even the most blindly optimistic that finally the honeymoon was over and that normal relationships within the industry had returned.

Following the age-old pattern, the liquidation when it finally came was not confined to the weak situations where speculative excesses had been so pronounced. The best quality investment issues, along with good grade bonds, also felt the pressure of selling sympathetic to the change in speculative temper. The percentage price declines from earlier 1946 tops varied widely, however.

Many of the less desirable highly speculative issues had declined from 45% to more than 60% below the year's highs. On the other hand, some of the top quality stocks in the field were off less than 20% and a large number such as Santa Fe, Chesapeake & Ohio, Great Northern, etc., dipped 25%, or less. Probably of even greater importance is the fact that holders of the good quality stocks can look forward with a great deal of confidence to an intermediate term recovery to, or above, the old highs. Holders of many of the less desirable equities in which there had been so much uninformed speculative buying may well have to resign themselves to at best a modest recovery from recent levels.

It is unlikely that a new speculative orgy will develop in fundamentally unsound railroads unless it can be supported by at least reasonable promise of peacetime earning power. With the increased costs the railroads have had to absorb, and even granting a reasonable increase in freight rates effective early in 1947, it is difficult for most railroad analysts to visualize the development of such earning power. The best that can be said is that finances have been so bolstered in recent years that there seems to be little danger of any financial crises for some years to come at least.

SEC Passes Rules Implementing The Administrative Procedure Act

(Continued from page 1375)

Some of this language is taken verbatim from Section V, subdivision (a) of the Administrative Procedure Act, which specifically deals with the subject of "Notice" of an agency hearing.

Inadequate notice of hearing was one of the grievances levelled against the SEC. In a proceeding before the Commission involving NASD rules many interested parties did not get timely notice.

The newly amended rules would make short notice improper if not impossible.

Under Rule III, a sort of pretrial procedure is provided for, which enables a hearing officer to call a conference of the parties at the opening of the hearing or at any subsequent time for the purpose of specifying and agreeing on the procedural steps to be followed or omitted in the proceeding.

Rule V, subdivision (d), provides for the voluntary disqualification of a hearing officer. It also deals with the procedure upon request to have the hearing officer withdrawn, "on the grounds of personal bias or other disqualification."

This is sound protection. However, we think it unfortunate that the rule is limited only to hearing officers and does not—as we read it—embrace the members of the Commission.

These rules under the new Administrative Procedure Act presented the Commission with an exceptional opportunity to set up certain safeguards in the public interest with respect to the Commissioners themselves.

It will be remembered that when the "5% spread interpretation" of the National Association of Securities Dealers was before the SEC, during the course of the hearing, set down by the Commission itself, counsel for the Securities Dealers Committee challenged the right of the individual Commissioners to sit in judgment.

Counsel stated in effect that if any of the Commissioners who were to determine the issues had cooperated in conferences with representatives of the NASD in promulgating the "5% spread philosophy," these men were disqualified to sit as judges, and he asked that the sitting Commissioners declare whether they had anything to do with originating or promulgating the "5% spread philosophy."

The Commission completely ignored this challenge, and we have always felt, unjustly.

The Commissioners should have made a frank and fair statement.

This emphasizes an important shortcoming in Rule V, which we think was not a mere oversight.

Of the importance of an impartial hearing panel, there can be no over-emphasis regardless of who sits in judgment.

The Commission is not so sacrosanct as to exclude itself from safeguards which surround other "hearing officers."

Rule VIII dealing with the subject of "Depositions," is all to the good.

Generally it liberalizes the procedure of taking testimony and in a large measure conforms the practice of taking depositions to that which exists in our courts of record.

The provisions setting forth the contents of the Record and dealing with "findings," "conclusions" and "intermediate decisions," contained in Rule IX, are an improvement on previous practice and therefore, some safeguard in the public interest as well as in the interest of parties practicing before the SEC.

Specific statement of all that should go into the record for review is provided.

Parties to proceedings may submit in writing proposed "Findings and Conclusions" which may be accompanied by a supporting brief.

We take exception to that part of Rule XVII which in effect states that a person granted leave to be heard is not entitled as of right to other notice of the various steps taken in the proceedings.

The burden placed upon such person that he "inform himself by attendance at public hearings and by examination of the public files of the Commission" as to such steps, is unwarranted.

There may be some justification for not serving copies of documents on a person so granted leave. However, as to further notice of the steps taken in the proceeding, for this failure we see no sound basis.

The power which the Commission has under Rule II, subdivision (e) (1) to disqualify temporarily or permanently, to deny the privilege of appearing or practising before it to any person found by the Commission "not to possess the requisite qualifications to represent others" is dangerous and readily subject to abuse.

With the provision that they be excluded who are found lacking in integrity or character or who have engaged in unethical or improper professional conduct no fault can be found.

However, once authorized to practice before it, the Commission should no longer have the power to judge the qualifications of such practitioner.

Taking an over-all view of these amended SEC rules implementing the Administrative Procedure Act, it is our view that the Commission has attempted to comply with the legislative directive but that it has not gone nearly far enough.

Reading the rules in conjunction with the act itself, we feel that there has been some liberalization in the practice before the SEC; however, not enough to cover the full legislative intent.

Wm. E. Pollock Co. Adds E. A. Cody to Staff

Edward Arthur Cody has become associated with the firm of Wm. E. Pollock & Co., 20 Pine Street, New York City, dealers in government bonds. Mr. Cody has recently retired as a lieutenant commander of the U. S. Navy.

NSTA Notes

NSTA ADDENDA

Answering numerous inquiries, Thomas Graham, The Bankers Bond Co., President of the NSTA, has notified the membership that the discussion regarding the 1947 Convention will be the last order of official business of the National Committee at the Seattle Convention, on Thursday, Sept. 19 from 10 a.m. to 12 noon.

The NSTA has no honorary members at present but a number of names have been prepared for submission. It is suggested each affiliate having honorary members prepare these members for honorary membership in the National if they so desire.

The association would like to know of any Congressmen in the securities business. A list of these is desired for the Policy Committee. Second—a list of the Gold Star members of the organization is desired. The list of any members of the affiliate who were killed or died in service should be sent to Mr. Graham.

Hon. Don. Sloan has agreed to act as official parliamentarian. The only thing we need now is a Bouncer. Nominations are in order.

The suggestions for 1945-1946 sent out after the Mackinac meeting all have been initiated. Additionally, the suggestion of Hon. Fred Busbey made at Mackinac, on the desirability of a NSTA periodical, is being carried out under the Chairmanship of B. W. Pizzini of B. W. Pizzini & Co.

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NSTA CONVENTION—PLANS COMPLETE—SPEAKERS

Plans for the Annual Convention of the National Security Traders Association to be held in Seattle from Sept. 17 to 19 inclusive have been completed, according to Donald A. Meyer, Chairman of the Publicity Committee of the Bond Traders Club of the Seattle Host Organization. All local banks, investment dealers and brokers are represented by membership in the Bond Traders Club of Seattle, which is one of 27 affiliated organizations of the National Association. Mr. Thomas B. Graham of the Bankers Bond Co. of Louisville, Kentucky, is President of the National Association.

Advance registration indicates that approximately 600 investment men and women from all parts of the United States will be in attendance. In addition, several members of the Investment Banking Fraternity of the Dominion of Canada will attend. This group of men and women represents organizations which in turn control the flow of investment capital into industry in the United States and Canada. This will be the largest group ever to attend a National Security Traders Association Convention. Headquarters will be at the Hotel Olympic. Many delegates will arrive several days in advance of the official opening date, but the largest contingent will arrive by special train from Chicago on the afternoon of Sept. 16. Tuesday, the 17th, will be devoted entirely to business.

The Convention will officially open with a noon luncheon at which the delegates will hear, as the keynote speaker, Harry P. Cain, former Mayor of the City of Tacoma, a man who has an enviable record in public life as well as World War II. At the time he was placed on inactive status he had the rank of full Colonel and was the Assistant Chief of Staff on the 18th Airborne Corps, having been decorated three times for meritorious performance of duty.

During the afternoon the Convention will be addressed by two outstanding Seattle men, namely, William A. Allen, President of Boeing Airplane Company, and Robert S. McFarlane, General Counsel for and Assistant to the President of the Northern Pacific Railroad. On Tuesday, wives of the delegates will be entertained with a luncheon at the Seattle Tennis Club, followed by a sightseeing boat trip in Lake Washington and Puget Sound. Mrs. Albert O. Foster, wife of the President of the Bond Traders Club of Seattle, is honorary chairman of the committee in charge of the Ladies Day Program. Wednesday, Sept. 18, will be devoted to sightseeing trips and outdoor activities, the delegates having their choice of a fishing derby, golf tournament, auto trip to Mt. Rainier, boat trip to Victoria or a special chartered airplane flight over the State.

On Thursday, the Convention returns to business and will devote the day to municipal matters. The principal speakers will be Robie L. Mitchell of Masslich & Mitchell, Attorneys of New York City, and Paul J. Raver, Administrator of the Bonneville Administration. Mr. Mitchell and his organization are well known among municipal buyers and bond men, as they have written many legal opinions on municipal bond issues throughout the United States. Mr. Raver is well known as an advocate of public power and is considered an authority on the subject. The Convention officially ends on Thursday night with a banquet at the Hotel Olympic. The special train will leave for Portland at midnight, Thursday, with stopover there as well as San Francisco and Los Angeles. However, many delegates will remain in the Pacific Northwest for some time after the convention for both business and pleasure.

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PRECONVENTION TRAIN COCKTAILS

Lebenthal & Co., 135 Broadway, New York City, New York municipal bond firm, are inviting members of the NSTA and their guests, who are attending the Seattle convention, to a between trains cocktail party in the New York Pennsylvania Railroad Station. The party will be held at the Savarin Restaurant on the main level, on Sept. 13, from 2:30 to 4 p.m.

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INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The annual meeting and election of Officers and Governors of the Investment Traders Association of Philadelphia was held Friday, Sept. 6, at the Benjamin Franklin Hotel. The following officers were elected:

President—Alfred W. Tryder, W. H. Newbold's Sons & Co.

1st Vice President—Frederick S. Fischer, H. N. Nash & Company.

2nd Vice-President—John M. Hudson, Thayer, Baker & Company.

Secretary—Wallace Runyan, Graham, Parsons & Co.

Treasurer—Paul Fredericks, Jr., Warren W. York & Co.

Elected to the Board of Governors for term of three years:
Floyd E. Justice, Kidder, Peabody & Co.
William Suplee, Suplee, Yeatman & Co.
John McFadden, Smith, Barney & Co.
Albert H. Fenstermacher, M. M. Freeman & Co.
William Raffel, Collom, Raffel & Co.
William J. Nichols, Butcher & Sherrerd.

For two years:
Joseph McNamee, Hopper, Soliday & Co.

For one year:
Russell M. Dotts, Bioren & Co.
John F. Weller, Buckley & Co.

Mr. Tryder appointed the following committee chairmen:
Arbitration—Edmund J. Davis, Rambo, Close & Kerner.
Arrangements—Thomas O'Rourke, Stroud & Company.
Attendance—Albert H. Fenstermacher, M. M. Freeman & Co.
Membership—Frederick S. Fischer, H. N. Nash & Co.
Liaison—Thomas J. Love, George E. Snyder & Co.
Publicity—Charles J. Brennan, Blyth & Co.
Special Events—Harry Fahrig, Reynolds & Company.

GETTING AROUND IN SEATTLE

Foster & Marshall, 820 Second Avenue, Seattle, is distributing to members of the NSTA a map of the downtown section of Seattle to enable visiting members to orient themselves. Marked on the map are the offices of security dealers in the city, banks, hotels, eating places, clubs, etc.

Real Estate Securities

The bargain hunter of securities might do well now to examine the real estate security market. The proper amount of selectivity of some of these issues will uncover real merit including earnings far in excess of interest requirements. The writer cannot agree with a general decline in any particular group of securities without an examination into each particular security.

Why do earnings continue good in real estate? The answer is a shortage of housing and commercial facilities. The shortage will not be corrected until there is plenty of new construction. Strikes, dreaded in all other industries, are delaying this new construction to the benefit of existing buildings. Mounting costs are making this new construction prohibitive, still to the benefit of present buildings.

Even though labor and operating costs have risen, we find that capacity occupancy still leaves enough for substantial sinking funds, indicating that interest charges are being earned by large margins. This, despite the fact that rents are pegged by the OPA, while costs are not. As a matter of fact we are not too sure rents will remain pegged. On Tuesday of this week an Associated Press dispatch quoted Senator Hawks of New Jersey as stating that he believed the next Congress will provide for higher rents.

Real estate issues, which we believe should be carefully examined because they operate sinking funds, are as follows: (It goes without saying that retirement of bonds makes the other bondholders position that much more secure.)

REAL ESTATE SECURITIES

Issue—	High	Current	Interest Payment
Alden Hotel	85	75	4%
Beacon Hotel	59	42	3
Broadway Barclay	58	42	2½
Broadway Trinity Place Corp.	87½	70	3¼
Chanin Bldg. 1st	100	90	5
Dorset Hotel	66	60	2¼
Drake Hotel	91½	75	3⅝
11 West 42nd St.	83	75	4¾
870 7th Avenue (with stock)	136	100	4½
870 7th Avenue (X stock)	91	78	4½
40 Wall St.	93	78	5
1400 Broadway	94	90	5
Governor Clinton Hotel	98½	80	4
Hotel Lexington	126	100	4
Hotel St. George	89½	70	4
London Terrace	93	83	5
Madison Hotel	77½	65	5½
Master Printers Bldg.	73	65	5
165 Broadway	80½	67	4½
Savoy Plaza Hotel (with stock)	128	99	*11
Savoy Plaza Hotel (X stock)	86½	79	*11
2 Park Ave. 1st	95	90	4
Sherry Netherland Hotel (with stock)	97	80	5¾

*Includes extra regular 4%.

Walter Dehner, Rejoins Browning & Company

CINCINNATI, OHIO—Walter J. Dehner, recently released from active duty as a Major in the Signal Corps, after four years in service, has rejoined Browning and Company, Union Trust Building, as Vice-President and Secretary and Manager of the corporation trading department.

Selected Securities Formed in Jackson

JACKSON, MISS. — Selected Securities, Inc. has been formed with offices in the Lamar Life Building. Officers are C. M. Chilton, President; J. W. Kingsbury, Vice-President; and Lester Alvis, Secretary and Treasurer. Mr. Kingsbury and Mr. Alvis are partners in Kingsbury and Alvis of New Orleans.

Bass to Manage Dallas Branch of R. J. Edwards

DALLAS, TEX.—Hugh Bass has become associated with R. J. Edwards, Inc., as Manager of their newly opened Dallas office in the Mercantile Bank Building. Mr. Bass was formerly Manager of the Buying Department for Louis B. Henry Investments.

Malcolm T. Freeman With Roosevelt & Cross in NY

Malcolm T. Freeman has become affiliated with Roosevelt & Cross, Inc., 52 Wall Street, New York City. Mr. Freeman recently returned from the Far East, where he was assistant chief of the Central Bank Bureau of the United States' Military Government in Korea.

Shader-Winckler Honored by Detroit Stock Exchange

DETROIT, MICH. — Shader-Winckler Company, Penobscot Building, was honored today by the Detroit Stock Exchange for having completed 25 years of membership in the local Exchange.

"Your record of continuous service since Sept. 6, 1921 has been invaluable to the Exchange and has been a distinct contribution to our progress," stated Charles A. Parcells, President of the Exchange, in a communication to the firm, adding best wishes for their continued growth and success.

"The ability to retain our original sales organization practically intact has been an important contributing factor to the success we have enjoyed," said Fred J. Winckler, speaking for the partners, going on to point out that in addition to the firm's veterans with more than 20 years of company service a large portion of their personnel have records approaching that mark.

Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week — Insurance Stocks

An attractive market characteristic of insurance stocks is their relative steadiness compared with general stocks. In the recent market break the "blue chips," which comprise the Dow-Jones Industrial Average, dropped 7.0% between Aug. 28 and Sept. 4, but fire insurance and casualty insurance stock as measured by Standard & Poor's Weekly indices, declined only 4.4% and 4.1% respectively. Since the market highs of May 29, 1946 they have declined 10.0% and 8.0%, respectively, compared with 16.8% for the Dow-Jones Industrials. The supporting figures are as follows:

	Dow Jones Industrials	Fire Stocks	Casualty Stocks
May 29, 1946	212.50	140.1	186.7
Sept. 4, 1946	176.72	126.1	171.8
Decline	—16.8%	—10.0%	—8.0%
Aug. 28, 1946	190.03	131.9	179.2
Sept. 4, 1946	176.72	126.1	171.8
Decline	—7.0%	—4.4%	—4.1%

If a comparison be made with stocks somewhat below the caliber of the Dow Jones Industrials, the difference in violatility will be found even more striking.

Over the long term fire insurance stocks follow the general pattern of the stock markets as a whole, though tops and bottoms have not always coincided. For instance, in the bull market 1932-1937, the fire stocks reached their peak in Feb. 1926, a full year ahead of the Dow Jones peak. The subsequent bear market bottom, however, was registered in April, 1942 by both the Dow Jones Industrials and the fire stocks.

Reverting to market performances, it is of interest to compare the action of individual insurance stocks with the indices during the recent market break between May 29 and Sept. 4. In the following table the relative performance of 21 well known fire stocks and two leading casualty stocks are shown:

	Asked Price May 29, 1946	Asked Price Sept. 4, 1946	% Change
Aetna Insurance	57½	57½	n. c.
Agricultural Insurance	90	79	—12.2
Boston Insurance	72	74	+ 2.8
Continental Insurance	56	52	— 7.1
Fidelity-Phenix	61¼	57	— 6.9
Fire Association	65	62	— 4.6
Franklin Fire	25	23½	— 6.0
Great American	33½	30⅜	— 9.3
Hanover Fire	32½	28½	—11.6
Hartford Fire	130¼	116¼	—10.7
Home Insurance	33⅝	29⅝	—11.9
Insurance Co. of North America	110	101	— 8.2
National Fire	66	60	— 9.1
New Hampshire	55	53	— 3.4
North River	25¾	24¼	— 5.8
Phoenix	94½	89	— 5.8
Providence-Washington	44	38½	—12.5
St. Paul Fire & Marine	81	73	— 9.9
Security Insurance	36¼	35¼	— 2.8
Springfield Fire & Marine	125	117½	— 6.0
United States Fire	63	59	— 6.3
Average of 21			— 7.0%
American Surety	75	63	—16.0%
Fidelity & Deposit	184	183	— 0.5%

It will be observed that only five stocks in this group, viz.; Agricultural, Hanover, Hartford Fire, Home and Providence Washington, declined more than the 10.0% shown by Standard & Poor's fire stock index. Not one declined anywhere near the 16.8% drop of the Dow Jones Industrials; the nearest was Providence Washington with 12.5%. Boston shows a gain of 2.8% while Aetna shows no change.

The comparative progress of fire stocks, casualty stocks and Dow Jones Industrials since the lows of 1932 is shown in the following tabulation:

	Fire Stocks	Casualty Stocks	D. J. Industrials
1932 Low	26.0	27.4	41.22
1942 Low	86.8	101.4	92.92
Gain	233.8%	270.1%	125.4%
Index on 5-29-46	140.1	186.7	212.50
Gain from 1932	438.8%	581.4%	415.5%
Gain from 1942	61.4%	84.1%	128.7%

It will be observed that both fire and casualty stocks on May 29, 1946 had appreciated from their 1932 lows substantially further than had the Dow Jones Industrials; also that their 1942 lows were considerably higher, relative to 1932, than were those of the Industrials. Since 1942, however, insurance stocks, both fire and casualty, have lagged behind industrial stocks. A number of factors probably account for this, including lowered premium rates, heavier fire losses and the Supreme Court decision which held insurance to be interstate commerce.

There are several offsetting factors, however, which are on the bullish side of the argument, including: uptrend in premium volume, trend toward greater diversification and broadening of lines of risk, long-term growth of funds available for investment, and the fact that the upward curve in fire losses must eventually be reserved. Furthermore, the nation as a whole is still growing, both as regards population and economic wealth, in consequence of which the secular growth of the insurance business is destined to continue uninterruptedly for an indefinite period.

Machold & Knowles Are Now With Drexel & Co.

Drexel & Co. announce that William F. Machold and James H. Knowles have become associated with the firm.

Mr. Machold, who has been assistant to the president of the Export-Import Bank, Washington D. C., previously was associated with Drexel & Co. from 1930 to 1941. During the war period he was identified with the Office of Inter-American Affairs. Following his graduation from Yale in 1929 he was, for a short time, associated with Day & Zimmermann, Inc. Engineers.

Mr. Knowles, except for 3 years of war service as an officer in the U. S. Navy, has been associated since 1936 with Mellon Securities Corporation in Pittsburgh. For a period of four years, following his graduation from the University of Pennsylvania in 1931, he was with the Union Trust Company of Pittsburgh.

Drexel & Co., members of the New York and Philadelphia Stock Exchanges, maintain offices at 15th & Walnut Street, Philadelphia, and 14 Wall Street, New York City.

Curb Secs. Corp. Has First Postwar Outing

The annual get together of the New York Curb Exchange Securities Corporation, discontinued during the war years, was resumed Sept. 7. Edwin V. Callahan, General Manager of the corporation, led an employee delegation, most of whom have been with the organization since its inception in 1931, to Blasberger's Farm, Hawthorne, New Jersey, for a day of fun and sports, as guests of the New York Curb Exchange Securities Clearing Corporation.

Chartered buses left the Exchange arriving at the farm for breakfast which was followed by the day's stellar attraction, a softball game between the married and single men.

The afternoon was marked by game competition with prizes going to the winners.

The first outing since the war years, marking the return of service personnel, saw the newly opened Comparison Department as guests of the Clearing Corporation.

Festivities for the day ended with dinner at the farm in the evening.

Philip Blum & Co. Stock on Market

F. S. Yantis & Co., Inc., and H. M. Byllesby & Co., Inc., headed a nation-wide syndicate which on Sept. 9 offered 150,000 common shares of Philip Blum & Co., Inc., an alcoholic beverage concern of Chicago.

Estimated proceeds of $2,295,000 from the sale of the new issue will be used by the company to retire bank loans to pay 3½% notes of a subsidiary and for general corporate purposes.

Langan in Reno

RENO, NEV.—Arthur Langan is engaging in the securities business from offices at 128 North Center Street.

Germany's Financial Problems Nearing Climax

(Continued from page 1377)

ship, and this is likewise true of exports. First step needed is reduction of monetary supply of both currency and deposits as neighboring countries have done, with some protection for individuals of small means or incomes.

A form of capital levy also is required, along with drastic banking system changes. Since only British and American zones are now being merged economically, little would be achieved by fixing reichmark foreign exchange value for only that combined area, officials believe. Pending some program, however, they are simply sitting on a lid. Fortunately, rationing has been working well under American military government.

While Americans residing here for some time tend to regard the situation as normal, new arrivals are impressed with the purchasing power of the cigarette in Germany. It would be a great exaggeration to say that Germany is on the cigarette standard, but one immediately learns that in all quarters cigarettes are appreciated more than money, not only as tips and payment for all sorts of personal services, but for new and old commodities. Official recognition of this condition by OMGUS is disclosed by the barter center established within a few blocks of OMGUS headquarters, reportedly at suggestion of the wife of Lt. Gen. Lucius Clay. The legality of this official enterprise seems still undetermined, but the writer today saw crowds of docilely waiting Berliners stand hours in queues waiting to exchange all sorts of personal and household goods for cigarettes and occasional food items. This took place in an emporium where all values are formally appraised in terms of barter units pegged to the American cigarette. One carton or 10 packs equalling 95 barter untis. Germans who exchange coats, stockings, cameras, or chinaware for cigarettes here do not want the cigarettes, but the supplementary food rations which the cigarettes will buy elsewhere. Presumably the food situation is more difficult here than in other German cities, Berlin being entirely surrounded by the Russian zone.

While it is illegal for Americans to sell or barter post exchange cigarettes, which the army sells at seven cents, Americans here import tax-exempt cigarettes from home. These can be sold in Berlin for 130 reichmarks per pack of 20, as compared with 150 reichsmarks only recently. My American companion today at the official barter center obtained a brand new Triumph portable typewriter worth $100 here for 391 barter units, worth barely four cartons of non-taxed cigarettes.

Another monetary phenomenon in the American zone, also aimed at displacing the previously open black market, is the use of chits which must accompany monetary expenditure by American civilians and troops. The chits must be used in post exchange messes and wherever the items purchased involved originally a dollar outlay by the army. This system is not in use outside the American sector of Berlin or anywhere else in the American zone. Each American here must carry a registered serialized Berlin district coupon book, the $10 or $20 value of which is charged against his also serialized currency control record. This system was designed to plug one of the innumerable leaks in the currency control system, the abuse of which by GI's and others was proving very expensive to Uncle Sam as previously described by this writer in the "Chronicle."

That the barn door still is not quite closed is indicated by the intention to introduce a still more drastic change, the "Chronicle" learns.

French a Stumbling Block to Agreement

The impression almost universal in America that the difficulties in securing quadripartite agreement on German economic and financial matters are Russia's responsibility is not shared by all OMGUS officials, some of whom strongly assert that the French in very many cases on working levels have been the sole stumbling block. This supports last week's statement of General Draper to the "Chronicle" that the biggest mistake bearing on German administration was that the French were no party to the Potsdam agreement yet have full voice in the control council. Dozens of decisions, this correspondent learns, have been stymied by the French abstaining from voting.

R. M. Horner & Co. Adds Garcia to Staff

F. L. Garcia, formerly a Major in the Medical Corps, AUS, is now associated with R. M. Horner Co., 30 Broad Street, New York City as head of the statistical and research department. In the past he was manager of the statistical department for Hoit, Rose & Troster.

Oliver Roosevelt V.-P. Of Gregory & Son, Inc.

Gregory & Son, Inc. 40 Wall Street, New York City, announces that Oliver W. Roosevelt has been elected a Vice-President of the firm and that J. Dalton Couig has resigned as a Vice-President.

Albert Lautman Opens

Albert Lautman is engaging in the investment business from offices at 37 Wall Street, New York City.

Tomorrow's Challenge to Labor

(Continued from page 1378)

industry alone the men and women who stayed on the job on our principal holidays put in more than five times as many man days as were lost through strikes and lock-outs during the first six months of the final year of the war.

American workers contributed production ideas that saved millions of dollars in costs and untold precious hours of time. They established a glorious record for their purchases of war bonds. And while they were doing all these things and working under far less than ideal conditions, they were suffering actual casualties comparable to those in the Armed Services. I dislike, and I know you dislike, the recital of a lot of figures. Nevertheless, listen to these. Over sixty thousand workers died from accidents on the job. Another three hundred and sixty thousand became permanent cripples. Another seven million eight hundred thousand suffered injuries which kept them away from their jobs for varied lengths of time.

Yes, the civilized world owes a debt of gratitude to the American worker that I doubt can ever be paid.

The Challenge Ahead

Now we face the challenge of a tomorrow that is as yet only vaguely outlined. And if we are completely honest with ourselves we cannot say that the prospect is a very happy one. It is obvious that so far the Paris peace conference has not developed the international accord we so earnestly hoped for. It is plain that we have a long way to go to reach universal acceptance of decent living standards. The rehabilitation of devastated areas proceeds at a snail's pace. People of the world are hungry and hopeless; the breeding ground of totalitarianism is fertile.

At home we face the threat of a disastrous inflation which already has nullified many hard-won wage increases. Difficult as it is to concede, racial and religious intolerance are still capable of growing in this land despite the feeling of brotherhood which resulted from the association of millions of our young men in the stress and heroism of war.

Look at the state of the world today and it will grow upon you that the challenge of tomorrow is the greatest and the most fearful that our world has ever faced. This despite the fact that the things we seek are simple and attainable. We ask for peace—an opportunity to live in harmony and independence with our neighbors. We ask an opportunity to work, to be self-supporting, to give our children the benefits of education and to ourselves enjoy a share of leisure and recreation. These are simple desires, I repeat, but there is only one way by which we can attain them. That is the voice of a united America, determined to defeat the forces of greed and selfish exploitative power.

We are not going to get these things simply by wishing for them. We can attain them with the leadership of a united labor movement. This is the logical way, for labor over the years has learned to fight for the rights of its own. While it was not always so, it is today recognized that those things that labor battled for were not the special interests of members of labor unions but the interests of the whole people.

Labor's Great Influence

There is no single group in this country today which can speak with the power and influence of labor. There is no group or organization or combination of organizations which so truly represents what this nation stands for. Moreover, the things that you as members of labor unions stand for are the very things that the common peoples of all lands are striving for. It is perfectly plain that if we are to meet the challenge of tomorrow the spearhead of our advance must be that of organized labor.

Down through the years we have learned to fight for what we wanted and what we knew to be right. We and those who went before us met bitter opposition in the struggle for reasonable working hours, for decent pay and for a fair share of the products of democracy. Now we have something even greater to fight for. We shall accept that responsibility, for if we fail now our very way of life is threatened.

Labor Wants Democracy And Free Enterprise

We believe in democracy and in the free enterprise system and we want them to continue and to grow stronger and more productive. The foreign ideologies which led to the last war, and will lead to another unless we act, are odious to us. We know full well that a labor union in a totalitarian country bears but faint resemblance to the free trade union as we know it. We recognize it simply for what it is—an arm of the state, subservient to the state and without power. It cannot speak with authority nor truly represent its membership. And therein lies the danger, for in the compact world in which we live today—in which man travels faster than sound and communication flashes with the speed of light—what happens in other lands has a direct effect upon us. You can no more remain remote from a false political ideology than you can isolate yourself from the dreaded polio germ.

It is certain, in my mind, that the challenge of tomorrow is a challenge to the American labor movement and a responsibility which must be accepted by every organized American worker. You demonstrated your willingness to sacrifice in order that the world might not come under the domination of one man mad for power. With your skill and your strength you helped to prove again that all men are created equal and that each is entitled to equal opportunity to live in peace and independence. That apparently, was not enough, for your strength and your unitedness is needed again if we are to consolidate in the peace the things we fought a war for.

The record of the past has taught us that the going won't be easy. It won't be easy for, however humanitarian your intentions, you will have the opposition of those who have always hated labor. They will claim again that what you set out to do has a selfish motive, that your only interest is what you can get for yourself. Even throughout the war, when you were performing the production miracle, there were those in high places who were sniping away at you, attempting to fetter you with restrictive legislation, claiming that you were taking advantage of war to demand fabulous wages, and attempting to sow the seeds of discord in the minds of our fighting men overseas. Among them were those who said that collective bargaining wouldn't — couldn't — work.

Genuine Collective Bargaining Must Be Restored

Well, I think you've proved that genuine collective bargaining has worked and will continue to work. You willingly relinquished many of its benefits in the emergency of war, but you resumed it with the end of hostilities. And although we went through a painful period of industrial disputes, history has pretty clearly demonstrated that that was inevitable. Added to which, it must be admitted, was a determined effort on the part of some employers to "bust" the unions since conditions seemed to indicate favorable circumstances.

We weathered that storm, to the everlasting credit of those unions affiliated with the American Federation of Labor. Your wartime record and your reasonable and cooperative attitude in the difficult postwar adjustment period are shining testimonials to the responsibility of labor organizations and to the effectiveness of the give and take of collective bargaining.

And while you have grown strong, so has your representation in the National Government. Never in its 33 years of existence has the Department of Labor been as well equipped to serve the working people of this country. Today practically all governmental functions affecting labor have been brought under the administration of the Labor Department. The facilities of each of the Bureaus, Divisions and Offices have been extended and improved. Through Congressional action the top administrative staff of the Department now includes an Undersecretary of Labor and three Assistant Secretaries. I feel that the Department was most fortunate in securing as Undersecretary as expedienced and competent a leader as Keen Johnson, former Governor of the State of Kentucky. I feel proud to be able to serve as Assistant Secretary with men like David A. Morse and John W. Gibson.

The period between today and Labor Day 1947 may be the most critical one this world has known. If labor takes its rightful place in the forefront of the fight against intolerance and bigotry and greed we can look forward with hope. There must be no retreat in the battle against exploitation, such as was forced upon us by the last depression. There must be for labor full opportunity for free collective bargaining and free political action in order that workers may improve conditions under which they live and take an increasingly active part in public affairs.

These are the objectives that labor, in its growing strength, can achieve not only for itself but for all America: A job for every man who needs one; sufficient income to privide adequate food, housing, clothing and recreation; protection from unfair competition and domination by monopoly; adequate health protection; more effective social security measures; and educational opportunities for all. By its record alone, labor is deserving of those things. By using its united strength it can attain them.

Assets of National Banks

The total assets of national banks on June 29 of this year amounted to nearly $86,000,000,000, it was announced on Aug. 30 by Comptroller of the Currency Preston Delano. The returns from the call covered the 5,018 active national banks in the United States and possessions. The assets were $4,500,000,000 or 5%, less than those reported by the 5,023 active national banks as of Dec. 31, 1945, the date of the previous call, but an increase of $4,000,000,000, or 5%, over the amount reported by the 5,021 active banks as of June 30, 1945, according to the comptroller advices, which said that "the deposits of national banks on June 29, 1946, were more than $80,000,000,000, a decrease since December of $4,700,000,000, or 5%, but increase of $3,700,000,000, or nearly 5%, since June of last year." The Comptroller's announcement went on to say:

"Included in the recent deposit figures are demand and time deposits of individuals, partnerships, and corporations of $42,600,000,000 and $17,200,000,000, respectively, which showed sizable increases over the previous December and June figures. Also included in the current figures are United States Government deposits, including War loan accounts, of $7,700,000,000, which decreased $6,500,000,000 in the six months; deposits of States political subdivisions of $4,000,000,000, an increase of $500,000,000 since December; postal savings of nearly $3,000,000; certified and cashiers' checks, etc. of $1,241,000,000, and deposits of banks of $7,800,000,000, the latter showing a decrease of 15% since December.

"Loans and discounts were $14,500,000,000, which was an increase of $550,000,000, or 4%, since December. In the total of loans were commercial and industrial advances of $6,100,000,000, an increase of more than 7% in six months; real estate loans of $2,750,000,000, which were up 24%; loans to brokers and dealers in securities and to others for purchasing or carrying securities of $2,560,000,000, a decrease of 25%; agricultural loans of $700,000,000, consumer loans of nearly $1,500,000,000, and other loans of $900,000,000. The percentage of loans and discounts to total deposits on June 29, 1946 was 18.01, in comparison with 16.36 on Dec. 31, 1945, and 16.13 on June 30, 1945.

"Investments by the banks in United States Government obligations (including $7,000,000 guaranteed obligations) as of June 29, 1946 aggregated $47,500,000,000, which was a decrease of $4,000,000,000, or nearly 8%, in the amount reported as of Dec. 31, 1945, but an increase of $200,000,000, or 0.5%, over the amount reported as of June 1945. Other bonds, stocks and securities held of $4,500,000,000, which included obligations of States and political subdivisions of $2,500,000,000, showed an increase of $400,000,000 since December and an increase of $800,000,000 in the year.

"Cash of $800,000,000, balances with other banks (including cash items in process of collection) of $7,400,000,000, and reserve with Federal Reserve banks of $10,500,000,000, a total of $18,700,000,000, decreased $1,500,000,000 since December but increased $1,000,000,000 since June of last year.

"The unimpaired capital stock of the banks on June 29, 1946 was $1,684,000,000, including $47,000,000 of preferred stock. Surplus was $2,100,000,000, undivided profits $789,000,000, and reserves $301,000,000, or a total of $3,190,000,000. Total capital accounts of $4,874,000,000, were respectively $218,000,000 and $401,000,000 more than on Dec. 31, 1945, and June 30, 1945."

Canadian Securities

By WILLIAM McKAY

News from our neighbor country north of the border would tend to indicate that not all sections of the Canadian enocomy share the views of those buyers of securities who have taken a bearish attitude toward future trends in the market.

For instance, a building boom—the biggest since the days when the grain elevators went up by the score—is reported despite shortages in the rural sections of Manitoba. The construction under way includes 754 dwelling houses, 19 quick-freeze locker plants, 113 garages, 10 filling stations, 80 stores, 19 blacksmith and machine shops, 59 new business premises, 35 churches and municipal buildings.

Employment Up 2.1%

Despite all the strikes, too, employment in Canada at July 1 was reported by the Dominion Bureau of Statistics as up 2.1% over the June 1 level.

State Secretary Paul Martin in a talk at Chapeau, Que., last Friday said, "Our national income is the highest we have ever known, with farm income and wage rates being higher than ever before. Production of peacetime goods is higher than in 1939 and the prospect is that in the next year it will be greater than ever before. More Canadians own their own than ever before."

Complaining that Canada was "a nation without people," David Croll, member of Parliament, told the Kiwanis Club at Montreal last Thursday that Canada must move quickly to provide inducement and facilities for European immigration or she would "miss the boat as she did a generation or more ago when the United States got the great bulk of suitable immigrant material." It is unthinkable, he pointed out, that Canada with her 12,000,000 population can keep her place as the fourth industrial country in the world—ranking next to such heavily populated countries as Great Britain, Russia and the United States.

Canadian-Philippine Islands Trade

Salvador Araneta, Manila business man, was in Canada last week to explore the possibilities for the development of Canadian-Philippine Islands trade.

A Montreal plant formerly occupied by Defense Industries Ltd. has been purchased by Federal Electric Manufacturing Company, a subsidiary of International Telephone and Telegraph Company, for the manufacture of automatic telephone equipment and all types of radio and radar equipment both for use in Canada and for export. About 1,000 persons are expected to be employed at this plant within a year.

The Bell Telephone Company of Canada has applied to the Board of Transport Commissioners for Canada for its approval of an issue of up to 176,000 new shares to finance a postwar expansion program needed to provide service for more than 70,000 waiting applicants throughout Ontario and Quebec.

To Manufacture Heavy Duty Trucks and Buses

White Motor Company of Canada also expects to commence the manufacture of heavy duty trucks and buses at its new $2,000,000 Montreal plant sometime this fall.

Reports from Winnipeg indicate that the prairie provinces will harvest 430,500,000 bushels of wheat this year compared to 282,000,000 last year and 347,000,000 on the average over the last ten years. Harvesting in both Manitoba and Saskatchewan are reported in advance of last year but, because of rains, Alberta is said to need warm, dry weather before it can resume harvesting operations. Harvesting of the grain crop is practically completed in Ontario. Intermittent rains have benefited pastures in Quebec.

The 2,200 striking workers of the Steel Company of Canada Sunday rejected a government compromise plan to settle the steel strike. The wage formula suggested by the government after two weeks of negotiation with union representatives provided for a graduated scale of increases, ranging from 12½ cents an hour for the lowest paid brackets to 11 cents for those receiving 95 cents an hour or higher.

Trends in the Stock Market

In the Canadian stock markets this last week, industrials weakened in response to the trend in New York. The mines, however, did not drop down as far. In New York, Canadian bonds were inactive but softened with the American market in general.

Canada sold $22,300,000 in securities to the other countries of the world in June compared with $10,500,000 in May and $13,000,000 in April, according to the Dominion Bureau of Statistics. June sales to the United States alone amounted to $24,200,000 compared with $13,200,000 in May. Net sales of securities to all countries during the first six months of this year totaled $118,600,000 compared with $99,100,000 during the corresponding period in 1945. The increase was largely due to higher net sales of Canadian bonds which were $96,200,000 against $67,200,000 last year. The sales of Canadian stocks were $2,600,000 lower, the sales of United States securities $6,700,000 lower than during the same period of 1945.

References to Foreign Trade Publications

A comprehensive listing of references to basic published material on foreign trade was made available on Sept. 5 by the Department of Commerce. The 46-page report gives the title, price and source of issue of many governmental and non-governmental publicatioins covering various phases of foreign trade, said a Commerce Department announcement of Sept. 5, which added:

"A complete listing and description of the periodic export and import statistical statements issued by the Foreign Trade Division, Bureau of the Census, is included. Magazines serving the foreign trade field and business organizations interested in promoting the nation's foreign trade are also listed.

"Copies of the report titled, 'Foreign Trade (Basic Information Sources)' may be obtained free from the Department of Commerce, Washington 25, D. C., or any field office of the Department."

AFL Demands Firmness Toward Russia

(Continued from page 1378)

ing accomplished any perceptible progress toward the goal of enduring world peace! Yes, we have set up machinery for the United Nations Organization, but the nations that compose it are thus far united in name only. In fact, every day sees them drifting dangerously farther apart.

As we view the proceedings of the European Peace Conference in Paris, it becomes increasingly apparent that the cause of peace is making very little progress. From the beginning this conference bore all the earmarks of a sham, because it completely ignored the paramount problem of establishing lasting peace with the one nation primarily responsible for the two World Wars—Germany. And as the conference progresses, we find the Great Powers becoming irreconcilably divided over minor matters. How are they ever going to get together on the big issues, when they can't agree on technicalities?

It seems to me that the time has come to face the facts, squarely and unflinchingly. If we let hot tempers and quarrels and border incidents continue, these constant irritations may develop into the cancer of war.

Great Powers Basically Divided

There is a basic division today among the Great Powers—a division which affects the smaller nations just as forcibly. The United States, Great Britain and other democratic countries are ranged on one side, with Soviet Russia and her satellites in Eastern Europe and the Balkans on the other.

During the war these two groups united to defeat and crush the common enemies—nazism and fascism. Today the victors are split into two camps—democracy and communism. Suspicion and mistrust are rampant on both sides. Unless something drastic is done about this situation—and quickly—the blueprint for the next war will soon be charted. This must be prevented at all costs. The people of every country in the world—including Russia—have had their fill of war. They don't ever want to see it happen again. Their will must prevail.

In view of this universal desire for peace, the undeniable conflict that exists between the democratic nations and the communist nations must be settled without resort to war.

To do this, it will be necessary first of all to stop appeasing Russia. Appeasement did not work with Hitler. It will prove equally disastrous with Stalin. We must be firm with Russia now or be forced to fight her later.

The bullying tactics engaged in by Soviet Russia and her communist dependencies are a sign not of strength, but of weakness. They are trying to cover up their fear of the atomic bomb. Is it conceivable that nations which must depend upon our charity to feed their starving people are in a position to wage war against us? Unquestionably the Russians are clever traders. By acting belligerent now they hope to gain greater concessions at the peace tables. If we continue to yield, we will only add fuel to the conflagration instead of extinguishing the spark of war.

AFL Calls For Firmness With Russia

The American Federation of Labor calls upon our government to adopt a new course in our dealings with Russia.

We want a hard-and-fast agreement by every nation to abjure territorial aggrandizement, whether on the pretext of self-defense or on a frankly imperialistic basis.

We insist on a solemn commitment by every nation to guarantee to its people the fundamental and elementary freedoms without which their right to self-rule is stifled.

We call for the outlawing of slave labor everywhere.

We urge that the United Nations Organization be strengthened by a provision denying to any nation the right to veto world peace.

The American Federation of Labor supports the American plan for international control of all atomic bombs. Every nation should be forbidden to develop secret weapons for aggressive warfare. This must be accompanied by world-wide disarmament.

Finally, it is imperative to restore the free flow of world trade on a mutually advantageous basis, so that no nation will be denied access to vital materials or prevented from using the air, the seas or other channels of commerce.

This program is completely fair to Soviet Russia and to every other nation of the world. But even more important, it provides the framework for enduring world peace based upon freedom and justice for all.

Communism's conflict with democracy is not confined to international affairs. It has invaded our own land, and more particularly, the American labor movement.

Communism In Labor

For the past decade, the American Federation of Labor has been forced to contend against an insurrection inspired by Communist leaders. In the beginning, the left-wing elements were content to lurk in the background of the dual movement. Today they are out in the open, boldly seeking to capture full control of organized labor. Their efforts have become dangerously destructive to the future welfare of American workers. Their policies have become so obnoxious that many of the organizations which formed the original nucleus of the CIO are breaking away and returning to the American Federation of Labor.

Before the United States entered the last war, while the Stalin-Hitler pact was still in effect, the Communist-controlled organizations in the CIO dared to picket the White House in protest against the foreign policy of the late President Roosevelt. They opposed lend-lease to Great Britain, then fighting with her back to the wall against Hitler's blitzkreig. They brazenly accused our own country of being "imperialistic." In many parts of the nation, they engaged in strikes deliberately intended to sabotage our preparedness program.

But the moment Hitler invaded Russia, the policy of these so-called unions changed. Overnight they became super-patriots. In order to speed war production of materials for Russia, they callously bargained away the hard-won rights of the workers they were supposed to represent.

Now that the war is over and the wind from Moscow has changed direction again, the Communist-controlled unions of the CIO have returned to the dangerous game of baiting and undermining America. Again they are accusing the United States of "imperialism." Again they are threatening to sabotage production in America because of our differences with Soviet Russia.

This situation is becoming increasingly insupportable to loyal American workers. They refuse to remain identified with an organization whose first allegiance is to a foreign nation. They want out!

Labor's Swing To AFL

That is the reason for the stories you see in the newspaper headlines these days of one union after another breaking away from the CIO and rejoining the American Federation of Labor. This year we welcomed back home one of the strongest union organizations in the country, the United Mine Workers of America. Today the United Mine Workers of America is working in close collaboration with the American Federation of Labor to promote labor unity. Such unity can be attained under only one banner—that of the American Federation of Labor.

In the past decade, I have made a number of predictions about the American trade-union movement. Many of these have come true in recent years. So I am encouraged now to make a new prediction. In my opinion, the disintegration of the CIO will gain momentum during the coming months. I predict that some of the more firmly established affiliates of the dual movement will break away from it and come knocking at our door. I say to them now, as I have said so often in years past, "the door is open." We will welcome our returning brothers, willing to forgive and forget their wanderings in order to consolidate the strength and the unity of labor.

For today organized labor needs strength and unity more than ever before. The trade-union movement is being threatened by powerful enemies, not only from within but from without. The forces of fascism in America have determined to make a last-ditch effort to smash trade unions. They have unleashed a bitter propaganda campaign against labor and they are financing an expensive legislative drive to deprive workers of their fundamental rights, both in Congress and in the State Legislatures.

Here in Oklahoma, you are familiar with the dangers and activities of the anti-labor forces because in neighboring Arkansas they succeeded in forcing the adoption of a Constitutional amendment banning the union shop. A similar amendment was approved in Florida. Our enemies are now trying to extend such restrictions in Nebraska. Equally menacing anti-labor legislation is being pushed in California, Louisiana and in many other states.

The Drive Against Labor

Make no mistake about it, these are not coincidental and spontaneous occurrences. They are all part of an organized drive against labor, sponsored by some of the most reactionary individuals and groups in the nation. United States Senator Moore, of this state, has been one of the foremost backers of the drive. Two organizations, known as the Christian-American Association and the Committee for Constitutional Government, have actively publicized and sponsored anti-labor legislation. The Christian-American Association is neither Christian nor American. Independent newspaper investigations have labeled it a racket. The Committee for Constitutional Government has advocated measures which are clearly and completely not in harmony with the Constitution of the United States. It is part of the strategy of our opponents thus to assume the cloak of holiness and respectability to cover up their sinister objectives.

During the last session, the anti-labor drive for the first time was able to gain headway in Congress. A reactionary coalition forced the adoption of the Case Bill, which was beyond question the worst legislative blow against labor ever enacted by Congress. Fortunately, it was vetoed. Nevertheless, emboldened by their success, the enemies of labor are even now fomenting a campaign for the destructive amendment of the National Labor Relations Act, the magna carta of American workers.

Let me serve notice here and now that organized labor does not propose to sit idly by and accept the demolition of all the gains won by labor over the past quarter of a century. We are determined to fight back with every ounce of strength and to the limit of our resources. Up to now, we have succeeded in killing every anti-labor State law that comes up for final judgment before the Supreme Court of the United States. We are going to continue to challenge these legislative assaults in the courts, including the amendments forbidding union shop contracts. But we are not going to stop there.

The time has come for the American people to clean house in Congress and the State Legislatures of lawmakers who are the creatures of political bosses and ignore the welfare of the great masses of the people. More than anything else, we need lawmaking bodies which are fully responsive to the needs and the will of the American people.

The last Congress failed utterly in this respect. On domestic issues, it hastened to provide business with tax relief and price relief, but it refused to lift a finger to protect human needs during the trying days of reconversion.

Our entire nation faces an extreme housing emergency, but Congress failed to adopt the Wagner-Ellender-Taft Bill, providing for a long-range construction program to supply 15 million new homes in the next ten years.

Consumers Have Been Sabotaged

The nation's consumers have been cheated, robbed and plundered by price profiteers and black market operators, but Congress refused to enact a new price control law which would protect the public until supplies are again plentiful.

The American people yearn for greater security, for freedom from fear of poverty in old age and for health insurance, but Congress turned a deaf ear to their wishes and froze the Social Security laws for another year.

Four million American families are still bound by the chains of economic peonage, under wage conditions far below minimum subsistence standards, yet Congress refused to approve legislation to raise the national minimum wage from 40 to 65 cents an hour.

These are only a few of the major errors of omission of the last Congress but they constitute and unanswerable indictment.

The American Federation of Labor has decided to publish the full voting record of every member of Congress, so that our members and their families and friends can judge for themselves whether they deserve re-election.

In order to elect a better Congress, the citizens of our country must be well informed. But they must also make certain to register and vote. Therefore, the American Federation of Labor will intensify its efforts in this campaign to see to it that the workers of our nation go to the polls and vote in the November elections.

Today there are more than seven million members enrolled in the 106 national and international unions which make up the American Federation of Labor—the greatest membership of any labor organization in history. We intend to keep on setting new records. At this moment, we are conducting an all-out organization drive in the South which in its first two months gained more than 100,000 new members. That is only the beginning. We are firmly resolved to achieve our goal of enrolling a million new members in the South and establishing a decent standard of living for all Southern workers.

Southwest To Be Organized

But our organizational activities are not confined to the South alone. Here in the Southwest, we are also going to put on an intensive campaign to organize the unorganized. The American Federation of Labor is on the march in every section of the nation. We will not relax our efforts until all wage-earners of the nation have joined our family.

When that day comes, organized labor will not have to fight for its existence but will be able to concentrate all its efforts on constant improvement of the American way of life.

At the moment, the industrial and economic picture in Ameica is not too bright. On Labor Day a year ago, I expressed high hopes for the future. I pointed out the great opportunities for industrial development and expansion in our country which were opening up on the heels of victory. Now, a year later, it is evident that American industry has as yet failed to grasp these opportunities.

But we must not become too quickly discouraged. The transition from war to peace is a highly difficult process, fraught with many temporary upsets and setbacks. Although numerous shortages still persist, it is a fact that production and employment have now reached the highest levels in American history. We have succeeded in finding jobs for millions of returning war veterans and war workers. Our fears of immediate and heavy post-war unemployment have been dispelled. Today there are more than sixty million jobs in America—a goal that seemed fantastic only a short time ago. Today the job of industrial reconversion is almost completed.

The Inflation Threat

One major handicap to further development and expansion is the growing threat of inflation. Congress has left the key problems of prices and wages in a fearful muddle. It is becoming increasingly apparent that as long as the Federal government continues to exercise controls over prices and wages, confusion and lack of confidence in the future will grow. It is time that the Federal bureaucracy started reconverting to a peace-time basis. We look forward anxiously to the day when emergency government controls over prices and wages can be dropped and conditions can return to a normal level. We want to resume doing business with employers on a free and open basis of collective bargaining, without government curbs and intervention.

To hasten this desired end, I have appealed repeatedly to the members of the American Federation of Labor to exercise self-restraint and to speed production of much-needed peace-time goods in every way possible. The wonderful response to this appeal is shown by the record. The Bureau of Labor Statistics reports that less time was lost due to strikes in July than in any previous month since the end of the war.

I firmly believe that if industrial and agricultural production is maintained at high levels, most of our troublesome shortages will soon disappear and our chief economic troubles will be solved. We must have patience and forbearance if we want to build a sound and enduring future. The American Federation of Labor will never relinquish its efforts to establish a far richer and more abundant way of life here in America. We cannot and must not ignore the economic fact that the

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Mutual Funds

Phil Sweet

The recent untimely passing of Philip W. K. Sweet is a real loss to the mutual fund business. At the time of his death he was a director and President of **Fundamental Investors, Investors Management Fund,** and **Investors Management Co., Inc.** This last-named company provides the investment research and management for both of the mutual funds. For many years Mr. Sweet was in full charge of its research and statistical department, and thus deserves the major credit for the outstanding performance of Fundamental Investors and Investors Management Fund.

A measure of Mr. Sweet's ability as an investment manager may be gained from the record of Fundamental Investors which he "managed" from May, 1939 up to the date of his death two weeks ago. In the six full calendar years from the time he took over, Fundamental Investors outperformed the Dow-Jones Composite Average by a wide margin—Fundamental's net gain for the period was 159% against 95% for the composite average. In only one of those six years did Fundamental fail to do as well as the average. That year was 1944 when the average recorded a net gain of 25% against 24% for Fundamental. In most of the other years Fundamental's superiority was clear cut and substantial.

It is one of those ironies of life that Mr. Sweet did not live to see the Sept. 3 break in stock prices. He had been fearful of just such an event for several months. Fundamental's June 30 report shows 27.3% of total assets held in cash or its equivalent. Here is how Mr. Sweet sized the situation up in his accompanying letter to stockholders dated July 25, 1946.

"Your management maintained throughout the last quarter substantially the same cash reserve which was established earlier in the year. The maladjustments in the cost and price relationships which developed in this country during and after the war have not yet been brought into balance.

"The philosophy of high wages and controlled prices with which this country has experimented since V-J Day has not stimulated the degree of production which was desired. . . ."

It was such hard-headed reasoning as this which caused Mr. Sweet to maintain a substantial cash reserve in the face of many pressures which were then dictating a fully invested position. What course he would have taken from here on, no one can say. But, if we read further from his July 25 letter, we find a clue:

"The recent abrogation or modification, as the case may prove, of price control may usher in a new era of balance between costs and selling prices which will permit volume production. While it is not yet posible to foresee accurately the results which will be attained we feel it is only a question of time until profit margins improve sufficiently to permit generally satisfactory corporate earnings."

On the personal side, Phil Sweet was a Scotsman, in appearance gaunt and dour. But he had a rare sense of humor and a rarer sense of integrity. He would suffer over a mistake in judgment to the point of letting it affect his health. He had many friends, scores of admirers, and a pet hate—the New Deal. To him, political expediency could never justify trickery and deceit.

We knew Phil Sweet well; he was our friend. If all the sponsors of mutual funds had been of his caliber, there would have been no need for an Investment Company Act of 1940. But that, of course, would be expecting too much. Human nature requires rule by law. Anyway, Phil, you did a swell job.

Dividends

Fundamental Investors, Inc. — Quarterly dividend No. 51 amounting to 11 cents per share, payable Sept. 17, 1946 to holders of record Sept. 3.

Wellington Fund, Inc. — Quarterly dividend No. 67 amounting to 20 cents per share, payable Sept. 30, 1946 to holders of record Sept. 18. (Stock will go ex-dividend after 4 p.m. EDS Sept. 13.)

Union Trusteed Funds, Inc. — The following dividends to shareholders of record Aug. 27, 1946.

September 20 — The payment date for the ordinary dividends, which will all be paid in cash. The per share amounts will be:

Union Com. Stk. Fd.	$.04
Union Pfd. Stk. Fd.	.28
Union Bond Fund A	.20
Union Bond Fund B	.17
Union Bond Fund C	.07

September 25 — The payment date for the special dividends, to be paid in stock unless the shareholder has by Sept 3, elected to receive cash. The per share **amounts** will be:

Union Com. Stk. Fd.	$1.00
Union Pfd. Stk. Fd.	1.75
Union Bond Fund A	.40
Union Bond Fund B	1.00
Union Bond Fund C	1.75

AFL Demands Firm Policy Toward Russia

(Continued from page 1391)

real remedy for inflation and rising prices is full production. Labor's best interests will be served by the realization of this objective.

We are entering a new age in America — perhaps it will become known in history as the atomic age. Man has learned to harness new sources of power for destructive purposes. That power of the atom must now be applied to lighten the labors of mankind. New methods of production were discovered during the war and are now being perfected. Labor insists that these great new discoveries must not be exploited for the benefit of a few. The workers of America must share in the benefits. The atomic age must make the human race the master of the new machines, not their slave.

The forty-hour week, once organized labor's proudest boast, is doomed to the discard. Within the foreseeable future, the thirty-hour week is bound to come, opening up new opportunities for employment and for a fuller life for the working masses. Millions of American families, now in economic bondage, will be freed and given the opportunity to share in the advantages which result from greater income. Our standard of living will rise to heights still undreamed of. Slums will be wiped out and replaced by decent and healthful homes. Every American child will be able to get good food, and clothing, proper medical care, an adequate education and a chance to develop his natural abilities.

These are the great goals to which the American Federation of Labor dedicates itself on this Labor Day. Stronger in numbers and in spirit than ever before, we face the future determined to do our part as loyal Americans and steadfast trade-unionists to make the world of tomorrow a happier and more peaceful abode for the human race.

Bankers Bond Co. Offer Common Stk. Shares of Consider H. Willett, Inc.

Offering of 20,000 shares of Consider H. Willett, Inc. common stock, par value $5 per share, was made Sept. 9 by the Bankers Bond Co., Inc., Louisville, Ky. The stock was offered to the public at $15 per share. Prior to July 16, 1946, the capital stock of Willett was 25,000 shares of $10 par value common. The old stockholders turned in their shares of $10 par and received three shares of $5 par value stock in exchange for each share of $10 par.

The company, which has no bonded indebtedness or preferred stock has an authorized capital of 100,000 shares of $5 par value stock. It has outstanding 75,000 shares in the hands of old stockholders, and it is offering 20,000 shares of its remaining 25,000 shares of authorized capitalization to the public.

Willett was organized in May, 1934, by Consider H. Willett, now deceased, and Henry W. Wales, now President of the company. The company specializes in making and selling living room, dining room and bedroom furniture of solid cherry and solid maple. The company's sales force distributes its products through approximately 1,000 furniture and department stores, nearly 600 of which are in the Middle West.

The company's net sales were $1,011,474 in the fiscal year April 30, 1941 for a net profit of $64,529. They jumped to $1,325,192 in 1942 for a profit of $95,243. In the following year sales of $1,285,352 producing a net profit of $39,036. Sales dipped in 1944 to $943,565, but profits rose to $43,218.

In 1945, net sales worked back to $1,038,047, and profits climbed to $47,369. For the year ended April 30, 1946, net sales were at a new high of $1,444,638, and net profits, $59,207. In three months ended July 31, 1946, sales of $606,284 brought net profits of $69,559.

Willett has two plants, one at 30th and Kentucky, and the other at 31st and Magazine Streets, Louisville, Ky. The 30th Street plant is on a 6-acre site. The brick building of mill type construction has 121,000 feet of floor space. On this site are a lumber yard, power plant, dry kilns and wooden sheds for kiln-dried lumber.

The 31st Street plant is on a 2-acre tract. On this site are two 3-story brick buildings of mill-type construction with 95,260 square feet of floor space. This plant is used for upholstering, receiving, storing and shipping furniture which is made in the 30th Street plant.

Of the new proceeds $115,000 will be used by the company to install conveyor systems in its two plants and approximately $85,000 to purchase new machinery and equipment. The balance will go to working capital.

President Plans Campaign Talks

A White House announcement on Sept. 4 stated that President Truman plans to make several campaign speeches in support of Democratic candidates for Congress in the fall elections but has no intention of making a "barnstorming" trip. "He has one engagement now," Charles G. Ross, Presidential Press Secretary, told newsmen, "and probably will make a couple of speeches." Requests for the President to speak have been received by the Democratic National Committee from California, Washington, Indiana, Missouri and other States.

Prospective Trading in U. S. Securities in Amsterdam

(Continued from page 1374)

After Finance Minister Pieter Lieftinck's return from the United States in April, it looked as if trade in American securities would soon be resumed. The minister stated that American authorities had urged the liquidation of the Dutch holding of American securities, and the government was also interested in liquidation, because dollars thus released would have to be handed over to the Netherlands Bank.

The reason why trade has, so far, not been resumed are other than those of an official or legal nature. The difficulties—which are technical—are:

(1) There can be no dealings in American securities in Amsterdam before the Netherlands Bank will have notified the U.S. that the authorization of bona fide Dutch ownership has been completed of all American shares held in Holland. The U. S. Treasury and the New York Stock Exchange will then rule such shares can be delivered in New York. Whether such a ruling shall be made possible by a Dutch stamp on the share certificates or by an attached non-enemy declaration of the Netherlands Bank, is not yet known.

In any event, a statement is demanded by the American authorities that a security was not enemy—especially German or Japanese—property on May 10, 1940 that it has not been enemy property during the war, or since May 5, 1945.

The Netherlands Bank can certify the securities, but has to rely on a declaration by a broker, security dealer, or a bank. If this turns out later to be incorrect—that the security in question is not, "good delivery" in the USA—who is to be held responsible for the damage done? It is obvious that a guarantee fund will be formed for this eventuality similar to that formed for the domestic market in the case of a security not being "good delivery" here. Everyone disposing of a security has to deposit ¼% of the value in the fund.

By far the greatest part of American securities in the hands of the Dutch public consists of certificates, issued by a Dutch Administration Office so that the original instruments which are usually inscribed or registered, have undoubtedly always been Dutch property, and the possibility of their not being "good delivery" in the United States could not occur. And as regards possible action by a Dutchman in the USA—apart from the difficulties confronting him in starting such action—he has been deprived of Dutch certificates, so he can never define the original shares in order to oppose coupon or dividend payments.

(2) The fact that New York cannot loan shares quite as easily as it could before the war, owing to the ban on margin accounts. A Dutch **arbitraguer** might have to run a quotation risk for a considerable time.

It is proposed to meet this objection in the following way:

As it is known, the majority of funds traded in Amsterdam are current in the form of certificates issued by Dutch administration offices. According to the administrative conditions laid down, original shares must be put into the keeping of a public notary or a bank. Usually, the conditions allow—"in special cases"—of their being kept elsewhere, which provision, however is merely related to reorganization, the necessary stamping or exchange of the original securities. To be certain, therefore, that no legal objections can be brought against the dispatch of the orginal securities to New York, the holders of certificates will be given the opportunity of having their securities stamped, which will count as a declaration that they agree to the despatch. As this will result in the negotiability of the securities being greatly enhanced it is to be expected that most holders will have their certificates stamped. A depot will then be available in New York, from which it will be possible to deliver immediately.

(3) The attitude of reserve adopted by **arbitrageurs** because they cannot size up the market either here or in New York owing to the uncertainty of being able to place securities in Wall Street.

Reactions of the Dutch Public

It is almost impossible to know how the Dutch public will react to the possibility of renewed trade in U. S. securities. Will they favor general liquidation? Will they want to sell only certain securities? In view of the fact that the Dutch holder has to hand over the dollars resulting from the sale to the Netherlands Bank, receiving only 60% in free guilders—the rest being blocked—sales will be attractive only when there is plenty of profit, or if—as in the case of many old securities which, before the war, were practically without value—a respectable price is possible.

But then, there is very often the difficulty that, in New York, there is practically no market for these securities—one thinks, for instance, of International Rubber Co., the greater part of whose capital is in Dutch hands. On the other hand, the tunover in active securities in New York is so great that, even according to Dutch standards, large offers can easily be taken up. To this category belong, for instance, U. S. Steel, Bethlehem Steel, Anaconda Copper, Kennecott copper, and Chrysler—(of the latter the daily turnover at New York sometimes equals total Dutch holdings in certificates.)

Furthermore, the **arbitrage** in Amsterdam can refuse to bid, in which case no quotations will be made.

If offers pile up at Amsterdam, then an attempt could be made in the USA to attract a convenient bid for a lot. Liquidation would thus have to be effected as a "special offer."

Such a bid to Dutch certificate holders has been made in one instance, by the Interstate Hosiery Mills, Inc. This bid, however, which came to $30 a share was not considered attractive in Holland.

Behind the hesitation by the arbitrage houses to start trading is, perhaps the expectation that the government will take on the fluctuation risk by buying the securities and having them sold at New York.

Such an idea, however, is not entertained, and, in view of experience, with British liquidation, the U. S. is not expected to be very attracted by such a method of sale.

Of course, it must be remembered that in prewar markets also the arbitrageur continually has to use his judgment regarding the size of his market.

(4) A practical objection is formed by the limited capacity of the Netherlands Bank to issue at short notice the necessary certification in the event of a large number of requests.

The Bank is at present actively engaged in the certification of Dutch dollar assets, which had to be reported before July 15. This period later was extended to Aug. 31.

It is possible that the certification of shares will be speeded up through the acquisition of routine and the ending of the certification of accounts.

The Bank expects to be able to allot 40 to 50 officials to the certification of American securities as from Sept. 1, so that the matter will be expedited. Nevertheless, it cannot be assumed that trade in American securities will be resumed within a month at Amsterdam.

The reasons for this are:

Such a resumption will require the approval of (a) the Minister of Finance; (b) the Foreign Exchange License Dept. of the Netherlands Bank; and (c) of the Securities Registration Office. The last mentioned office is extremely slow and chary—as official departments only can be—in granting permission to trade.

Furthermore, relations are strained between the board of the Stock Exchange, and the Minister of Finance.

The Chairman of the Stock Exchange, Carel F. Overhoff, has frequently atacked the attitude of the minister in public. In parliament recently the Minister himself characterized the opinions of the Stock Exchange board on monetary matters as "not being a criterion." This is tantamount to a denunciation. This tension is not very helpful for fruitful cooperation.

The Stock Exchange board is concerned to restore trade as soon as possible at the Exchange—sometime after Nov. 1—and to prevent American securities from being confiscated. There is no prospect of this at the moment.

Foreign Exchange Position Favorable

Holland's present foreign exchange position is not unfavorable. Back interest and dividends on U. S. assets—insofar as these are available to the Netherlands Bank—total about $100 million.

Furthermore, there are $30 millions worth of redeemable bonds in Holland. Dollar accounts now in the process of being transferred to the Netherlands Bank total more than $600.

It is hardly surprising, therefore, that the Dutch Government has not had any occasion to touch its most recent dollar loan of $200 millions.

This is also a reason why the Minister of Finance will not hurry himself toward trading in American securities.

But it is considered to be of great importance—both in Holland and by the New York Stock Exchange—that a market for American securities be maintained in this country. Before the war Amsterdam was the most important market for these securities; more important than London—not to mention Paris and Brussels. The dealers know the arbitrage and the market; before the war many European orders for American securities passed through Amsterdam which, thanks to its excellent equipment, offered every facility and could operate on narrow margins.

Dutch certificates now also offer advantages from a fiscal point of view. London has been practically eliminated as a market. Under these circumstances Amsterdam would be New York's surviving European partner. It looks, however, as if trade will not be resumed before the end of September. If the various authorities agree to the Overhoff plan, submitted to them after Overhoff's return from New York, the main points of which have been dealt with above, then administrative red tape will claim at least another month, or two months.

Dr. Butz to Speak at ABA Session

The agricultural breakfast, an institution at conventions of the American Bankers Association for 20 years, will be held again at the 72nd annual meeting in Chicago this month, it has been announced by C. W. Bailey, Agricultural Commission Chairman and ABA Vice-President, who is also President of the First National Bank of Clarksville, Tenn. The ABA announcement of Sept. 3 stated that Earl L. Butz, head of the Department of Agricultural Economics of Purdue University, Lafayette, Ind., will speak at the breakfast session on the subject, "What's Ahead for Agriculture?" The breakfast will be held at the Stevens Hotel at 8 o'clock on Tuesday morning, Sept. 24. In order to allow more time for the discussion of this important topic, the Commission this year will omit the annual 1,000-point awards at the breakfast. The awards honor various States for outstanding services which banks render to agriculture. This year the awards will be made at the annual executive meeting of the Commission, which will be held in November at Louisville, Ky.

The advices from the Association also stated that country banking, and particularly activities of banks serving rural areas, will occupy attention at the convention. Besides the breakfast, the Agricultural Commission and the Commission on Country Bank Operations will hold meetings on Sunday afternoon, Sept. 22, and on Monday evening the two Commissions will jointly sponsor a round table Country Bank Conference. Louis Bromfield, novelist, and a director of the Lucas State Bank at Lucas, Ohio, will address this conference on the topic, "The Banker and More Abundant Earth." C. W. Bailey will discuss "The Farm Land Price Situation"; and a round table discussion will be held by members of the Country Bank Operations Commission on subjects of importance to country banks, including costs, service charges, government bond investment policies, and personnel problems. Participants in the panel will be Claude F. Pack, President of the Home State Bank, Kansas City, Kan.; R. A. Bezoier, Vice-President, First National Bank, Rochester, Minn., and Kenneth J. McDonald, President of the Iowa Trust and Savings Bank, Estherville, Iowa. William Powers, Deputy Manager of the American Bankers Association, will be moderator.

Securities Salesman's Corner

By JOHN DUTTON

The first thing to remember if we are going into a period when investors no longer have the urge to purchase securities, but prefer cash to investments, is that there is no need for any security salesman to put aside his selling ammunition and retreat into an attitude of pessimism. For the past several months readers of this column have been apprised of the fact that in our opinion, it was both a sensible and prudent practice to prepare for a change in the prevailing trend. We suggested as early as last spring, that accounts should be put in sounder position; and that selling campaigns designed to stress income producing securities, rather than highly volatile speculations, should be undertaken. On several occasions we argued the point, that investors who refused to take profits because of the high tax rates they would have to pay, might sooner than they imagine wish they had done so.

These predictions reveal no superior forecasting ability—anyone on the firing line who has been selling securities for any length of time could have seen this market becoming top-heavy. When new issues are coming out day by day, many of them involving offerings of equity stock in the most hazardous type of ventures, as was the case this spring until final indigestion took place, the signals fairly screamed their warnings. When brokers and security dealers themselves are bidding against each other to get free rides on newly issued junk, as they did this spring and summer, it is time for a halt. Isn't it strange that few of us ever learn from our own experiences? For example, do you remember when the mental giants over at the SEC became much concerned over the fact that the public was not getting its share of new issues, because too many insiders were accorded first consideration by underwriting groups? You don't hear those complaints from the SEC today. Time and the inexorable law of supply and demand have taken care of that problem, without the aid of the SEC. Economic laws will always prevail—other rules and laws to the contrary. All you have to do is wait. Sometimes the effects of these laws can be rendered impotent for a while, but in the end man bows to his own errors and negligence.

As far as salesmen are concerned most of us have had a very easy time for the past few years. If we expect to sit back and take orders, without putting into practice a substantial amount of intelligent effort in the future, it is very likely that this will not be possible. But there is a great deal of business that can be done even if we are in a period of declining security prices. During the next few weeks we are going to outline some selling ideas that are designed to be of assistance in overcoming investor resistance, which always increases as stock prices go down.

Remember these things: There is more liquid cash money in the country today than during any other time in our history. Not all people go broke at the same time; if they did we would not have bull or bear markets. There are more securities held by individual investors in this country today than ever before—IF THEY HAVE DECLINED IN MARKET VALUE THAT DOES NOT PRESAGE THE SORT OF CONDITIONS WHICH ARE ANYTHING NEW, BECAUSE SECURITY PRICES ARE NEVER STATIC. This actually presents an opportunity for salesmen to continue to serve their customers and to function profitably to themselves, because values are what count in the long run. The main point that you should bring before your customers and your new prospects from now on, is THE PROTECTION OF PRESENT ASSETS FROM FURTHER DEPRECIATION. This imposes a change in psychology—but a defensive attitude is in order today AND IT IS JUST AS IMPORTANT TO KEEP WHAT YOU HAVE AS TO MAKE MORE. That's where you come in—remember there are millions of people who own securities in this country today and they haven't gone broke just because the Dow-Jones averages have lopped off some billions of paper profits. They are going to need sound advice and helpful guidance—but they won't do business with you if you sit around the office waiting for them to contact you. From now on, we are going to have to go back to WORK.

Next week this column will suggest a sales presentation program that can be used to fit today's changed conditions.

The Breakdown of Reparations

(Continued from first page)

and a half years after the Conference. Profits, safety and justice could be combined in a single act of economic planning.

Reparations were to come from three main sources:

1. German shipping;
2. German external assets (Class A);
3. Shares of German enterprises (Class B). Payments out of current production, i. e., income payments were to be resorted to only if and when German exports exceed German imports, and were to be accounted for in Class A.

The taking over of German shipping and its distribution amongst the Allies presented no particular difficulty. But the appropriation of external German assets raised grave issues. Those domiciled in Finland, Hungary, Bulgaria, Roumania and Eastern Austria were to go to Russia and Poland; those in other countries were to be divided among 19 nations; the United States and the United Kingdom receiving 28% each, France 16%, Greece 2.7%, The Netherlands 3.9%, and so on.

The United States had persuaded themselves that German assets in neutral countries, patents, holding companies, organized international cartels and flight capital in the form of shares, bonds and bank deposits, were one of the main props of the Nazi State. Their confiscation would provide protection against its resurrection. It might moreover facilitate trust-busting at home and, apart from direct financial benefits, secure for American industries knowledge of German research processes. No distinction was made between private investors who had managed to smuggle their fortunes out of reach of the Nazi State, often enough at the risk of their lives, bona-fide commercial funds and Nazi-sponsored and directed holdings. The United States offered Neutrals a share of the spoils, but demanded extradition of all German assets from them, supporting their claims to them by economic pressure—black lists and blocking funds.

Switzerland furnished the test case. The Swiss Government failed in defeating the attack on private property. It did, however, save a last shred of "capitalist morality." Whilst retaining half of the proceeds to offset German private debts to private Swiss creditors, it released the other half as Switzerland's voluntary contribution to the rehabilitation of the occupied countries, and not for the benefit of the United States taxpayer. It safeguarded the property of Germans domiciled in Switzerland and compelled the United States to pay at least lip service to the rights of private property by securing compensation in German marks for Germans whose property was confiscated. This disregard of compensation by the Allies has been justified by the assertion that they were the legitimate heirs of the defunct Nazi State, and possessed all rights inherent in it. Yet the Nazi State had never abolished private property; when it despoiled its victims, it had devised some legalistic dodge, which recognized a principle it was violating. Whether or not the Allies' claim is legally sound may be doubted; it is quite certain however that the iniquities of a totalitarian state cannot be convincingly condemned by faithful imitation.

II

The mainstay of the reparation scheme is Schedule B, comprising shares and equipment of German enterprises, which were to be transferred legally and removed bodily from Germany to the Allies.

Germany was divided into two reparation zones, the Russian zone, comprising originally both the present day Russian zone of occupation and the country east of the Oder-Neisse line, which is to be annexed by Russia and Poland. This region — about three times the size of Belgium—will not figure largely in reparation accounts, for the movable property which the ten millions of people who formerly inhabited it have not taken along with them has been looted by Russian-Polish armies whilst their immovable wealth is transferred to the two annexing powers. The value of plants, lands and houses, subject to property tax of the four provinces completely incorporated into Poland and Russia, amounted to about 13 billion marks, over $3 billions in pre-Nazi days. Russia ceded to the Poles her reparation claims from the territory assigned to them by the Potsdam Conference, after it had been pretty well combed out by her.

Russia's claims are to be met by removals from the Russian zone, the region West of the Oder-Neisse line up to the Anglo-American zones. Similarly, the Western Allies' reparation claims will be met from their zones. Both groups are entitled to approximately equal shares, the Russians undertaking to satisfy Polish claims, the Western Powers to subdivide proceeds from the Western zones amongst the 19 non-Russian-Polish members of the United Nations. To bring up Russia's share to fully one-half, she was to receive 25% of Western takings within two years after February, 1946; 3/5 of which were to be paid by her in foodstuffs and raw materials over a period of five years. About 33½% of removals were thus to come from the Eastern, and 66½% from the Western zones.[1] The total amount of removals was limited by two somewhat elastic restrictions under the following terms:

I. They were to consist of "usable and complete industrial capital equipment" which was "unnecessary for the German peace economy." Its volume was to be determined by the Control Council under policies fixed by the Allied Commission on Reparations within six months at latest after the Potsdam agreement (Feb. 2, 1946). Removals were to start immediately, but had to taken into account in the final reckoning. Agreement was reached only late in March, 1946, subject to important reservations by Great Britain. German industrial production was classified in three groups:

(a) Prohibited production (armaments, aircraft, shipbuilding, etc.);

(b) Limited production (steel, textiles, paper, etc.);

(c) Free production (building materials, glass, pottery, etc.).

This "level of German industries plan" reduced German industrial output to about 50 to 55% of its pre-war total; restrictions on steel production went much further. It decreed a kind of cartelization imposing quotas far more ruthlessly than any cartel had ever done with intent of reducing, not of increasing the benefit of the industry concerned (though § 12 of the Potsdam agreement demands the elimination of cartels, syndicates, trusts and other monopolist arrangements).

Removals were to terminate within two years after the signing of the plan.

II. A second limitation decreed that payment of reparations "should leave enough resources to enable the German people to subsist without external assistance."

Nothwithstanding the infinite amount of painstaking labor, highly qualified experts expended on arriving at a reliable factual basis, the scheme was here guesswork.[2] The fear that Germany's capacity to pay might be underrated, and that she might stage a spectacular recovery, lurked behind all tentative calculations. In order to assuage it stipulation was made that the average living standard of Germany must not exceed the average standard of living of European countries (excluding the United Kingdom and the Soviet Union). It will be a fascinating task for statisticians to construct this average standard of living of European countries by judiciously combining say, Albania and the Netherlands, on a common denominator.

III

In the British and the United States zones, the reparation settlement has already broken down. The United States have had to spend $200 millions and Great Britain $320 millions to keep alive the Germans in their zones. This is not the result of the removal of equipment from the Western zones, for it has not yet gone far beyond a preparatory stage. The Western Allies blame it on the economic partition of Germany which, in violation of the Potsdam agreement, has taken place. Russia has deliberately turned her zone into a separate economic unit. She has removed everything from it which seemed useful for her recovery—as she was entitled to do. Beyond reparation from capital equipment, she is drawing payments from current production which, according to the Western Allies, ought to be reserved for buying essential imports.

Russia has undoubtedly aggravated the problems of the Western zones by driving millions of German deportees from the Eastern provinces into them. The Jewish refugee problem, too, is of Russian-Polish making, for the unfortunate people who have infiltrated into British or American zones, are fleeing from Polish and Russian governments and not from Nazi rule. Red armies moreover have emptied and upset the bread-basket of Europe. But the main trouble of the Anglo-Saxon zones is due to the fact that war destructions, dislocations, deportations, and limitations of industrial production have created a situation in which millions of Germans do not produce an income.

Germany's industrial potential has always depended on ample imports of foodstuffs and raw materials; they had to precede production. Her industrial potential, both for war and peace, was very formidable on the processing side. Apart from coal, she had few surplus raw materials and depended for the running of her peace and her war machine on ample supplies of foreign foodstuffs and raw materials. The Allied governments could have held up German re-armament at any moment before 1939, if they had but had the courage and intelligence to face unpleasant situations.

The champions of the economics of fear have spread the legend of an invulnerable, self-sufficient German economy. They are merely providing an alibi for the in-

[1] Poland was to receive 15% from deliveries of the Russian zone proper after the Potsdam agreement, and 30% of complete industrial capital equipment delivered to Russia from the Western zones.

[2] It is not clear whether the statement that Russia should get half of the takings applies merely to "removals," or to all reparations payments. As Russia is not compelled to present accounts, and as no rules seem to have been agreed upon as to the items which should be included in them no reckoning can be expected which would satisfy a conscientious chartered accountant. Russia evidently assumes that all property carried away by the Red Army is "booty" and need not be accounted for. The term "shares of German enterprises" in 8 and 9 of Section IV of the Potsdam agreement is particularly ambiguous. It may mean equipment percentage of removable capital or part of the corporation capital enterprise.

efficient statesmen of the years 1933 to 1938. They are moreover evidently expecting similar deficient leadership in days to come, and are trying to insure against it by purely mechanical means.

Today the Western Allied governments have to pay for imports, for UNRRA does not function for Germany. Having paralyzed the German credit system, they have to replace it by cash. It would undoubtedly ease the situation could they buy Eastern zone commodities with German marks; but they could not do it with Western goods, since sufficient quantities are not available. If the economic unity of Germany could be re-established, as stipulated at Potsdam, the Western deficit might be met by an eastern surplus, though the bulk of agricultural imports to Western Germany came from the areas ceded to Poland. This would help to raise production and generate income in the Western Zone; they could bye and bye export a surplus from current production, with which they could pay for imports, either from the Eastern Zones or from outside sources, and perhaps pay in the long run the advances the occupying powers have made to them.

The Western Powers' demand for the restitution of the economic unity of Germany aims at correcting a situation in which the Eastern Zone, after large capital removals, can exist without external assistance, and pay a tribute from current production to its masters; whilst the Western Zones have to rely on external assistance, even though little of their industrial equipment has actually been removed. Germany, as a whole, allowing for the export surplus of the Eastern Zone, has an import deficit of $400 millions. The Western Powers want Russia to renounce reparations from current production, to divert them to the Western Zones and to share the expense of providing external assistance for them. The Eastern Zone would either have to hand over its surplus without payments, or Russia would have to pay for it, or Russia would have to contribute pro-rata to the costs of all imports into the Western Zones. If Russia agreed to these proposals, she would lose current reparation payments and have to sacrifice a portion from other reparation sources. If she merely renounced collecting reparation from current production, the inhabitants of the Eastern Zone or the Western Allies would have to shoulder the costs of external assistance, though part of these disbursements might go to the Russian zone.

As a matter of fact, the division in reparation zones has worked exclusively for the benefit of Russia and Poland. Russia can secure 33½% from removals from her own zone—she has not yet received the additional 16½% (25% of the Western removals) she has a right to, but she is recouping herself by reparations from current production. The Western powers, especially the Anglo-Saxon powers, have received very little from Western removals, and have had to make combined advances of $520 millions *a fond perdue*. They will hardly recover them during the period of two years within which the reparation settlement should be completed.

It is evident by now, that the basic assumptions of the reparation plan were wrong. The Western Zone's actual production capacity is very low, far below the level conceded by the Allies; some industries barely reach 10% of their former output. A good deal of equipment may not be necessary to production for quite some time to come. Had the 650 odd industrial plants which are to be dismantled by the Western Allies (262 are in British, 172 in the United States and 20 to 30 in the French zone) been lifted bodily to the Allies immediately after surrender, and started within a very short time as going concerns, their value might have been immense. As it was, many of them were severely damaged. Dismantling them, packing them up, transporting them over a broken down railroad or canal system would have been a very lengthy and extremely costly process, even if sufficient labor had been available.

Similar transfers had been effected both by the Germans and the Russian during the war. In both cases a military dictatorship did not count costs or dislocations; the Russians had to save their plants from the Germans, the Germans wanted to increase their own war potential rapidly. In total war, the balance between economic and social costs and military utility is determined by the latter. In a peace economy, utility too is expressed in economic units, not in gun power. The Russians being trained in the business of transfer, having always been wasteful of man-power and keen on saving machinery, managed to comb out Eastern Germany. Costs to them have mattered as little as human life

The imitation of barbarous German war methods did however not fit in very well with Western methods of business. From a practical point of view moreover, these transfers may be profitable, since reconstructing their own plants might well be more expensive, and would certainly have taken more time.

An early attempt at physical transfer might well have paralyzed the Western Zones completely. By now, the Western countries need German products (coal) rather than German capital (tools). German miners cannot raise coal if they are not fed, and they cannot be fed until somebody first pays for their food. The situation no doubt would be easier if there was no world shortage of foodstuffs and if migrations had not complicated it. But it is quite clear that the Western Zones must be nursed into solvency before they can pay anything. As German external assets cannot be used for this most appropriate purpose and as normal commercial loans are unobtainable, the Western Allies must willy-nilly act as bankers to their zones. If they expect repayments, they will have to get them from current production, after they have made the remaining capital equipment yield a sizable surplus. Whether the Western Zones are part of an economically-united Germany, or become separated from the Eastern Zone, they will never be self-supporting. They need imports for their own needs, for repayments and for reparations, first by credit, and later by exports.

Russia cannot be expected to interrupt collecting what she considers her due, until she has gathered in the 10 milliards she unsuccessfully claimed at Yalta. The smaller the total of Western removals and the more remote the chances of her getting 25%, the more obstinately she will insist on payments from current production. By doing so, she is moreover integrating her zone into the Soviet economic system. Only fear on her part of a combination of the Western Zones into an efficient economic bloc, as a foreruner of Western European unification, can deter her from following her course. The Potsdam agreement is so loosely worded that she can always make out a good case.

The maintenance of the economic unity of Germany is a political rather than an economic issue. Separation does not imply absence of economic intercourse—even a very high tariff need not stop the flow of goods. But the economic partition of Germany does involve the economic, social and political integration of the Russian zone into the Soviet system of satellite states.

The Western Powers will have to evolve a less primitive reparation policy than they have hitherto pursued. They can combine security with profits by reorganizing the German enterprises they have taken over. By retaining a majority of voting shares in their hands, they can direct and supervise production and distribution, and bring about the necessary coordination of European industries. They can put their shares into an International Holding Company, working under government control, and determine exports, imports and profits.

IV

War and peace are the business of States; reparations and indemnities are not prerequisites of individuals, but of governments who claim them for their taxpayers from the taxpayers of a debtor country. The Potsdam agreement is a purely one-sided arrangement by a group of nations who have got control over all persons and resources of a defeated people. It concentrates on a number of different categories of properties—ships, external assets, plants—and divides them among the 21 united nations without the slightest distinction between public and private ownership, for "property" as such, in contrast to income, was to be the source of reparations.

From the Soviet's point of view, these proceedings are satisfactory, for private property has no rights in Russia. But the Western Powers can hardly enjoy a situation in which reparations are not the collective obligation of the German people, but are exacted by the confiscation of particular pieces of private property, chosen at random by arbitrary decrees of the occupying powers. The wording of the agreement is unprecise; the Germans have no right in interpreting it. The Allies can sieze any type of property. In the Western Zones its scope so far seems to have been limited to plants directly or indirectly connected with armaments. But the shares of any industry can be seized, and no provision for compensation has been made.

It is evidently assumed that the average shareholder of the Dyestuff concern, the business of which was mainly commercial, when he bought or inherited his stock, is a "merchant of death," who deserves financial extinction. He is far worse treated than owners of land which, being immovable, is not being used for reparation purposes, except in the Polish zone and in Czechoslovakia, where governments have assumed the right to despoil and deport all owners without compensation. In the Russian zone, large estates are being cut up for the benefit of small local farmers and other landless people; they figure in the Soviet political schemes, not in their reparation claims.

Sooner or later, this problem of compensation will have to be faced—the Swiss Government has already forced it into the foreground—for the Western Powers can hardly wish to implant a haphazard, highly discriminating communist regime on Germany. But compensation pre-supposes the existence of a German Government, which can assume the burden and distribute it amongst its taxpayers. The Potsdam reparation plan will either have to be completed or reformed before such a government can be established. It will be one of the most difficult issues in a future peace treaty to make it accept this *hereditas damnosa*. In the meantime something will have to be done to prevent aimless pauperization of important German social strata. A central financial authority will have to be created, and some guiding lines for providing compensation will have to be laid down in it.

Russia will hardly cooperate in the establishment of a joint German treasury. If she did, a curious situation would arise. She has collected and is collecting ample reparations; she, Poland and Czechoslovakia have moreover requisitioned the property of 15 million deportees, of which but little will be included in "reparations." Yet a German government will rightly be expected to pay compensation, at least to those deportees, who can claim German citizenship. A heavy compensation charge will fall on all German taxpayers, two-thirds of whom live in the Western Zones, while compensation is to be paid for properties under Russian, Polish and Czech control. The bulk of the proceeds of the compensation tax, to be imposed on every German, will go to deportees and inhabitants of the Eastern Zone, whose property has been taken by Russia and her satellites. Western taxpayers will thus pay for Eastern confiscations. This will not leave much taxable capacity in the Western Zones, from which the Western Powers could draw enough income to recover their own advances, and a sizable slice of reparations. They can neither kill the goose—there is no flesh on the animal—nor get its golden eggs, for it will not lay any till it is fattened up again.

The glamour of the Potsdam reparation agreement has worn rather thin within barely 12 months. This is hardly surprising for at bottom it is but a crude financial makeshift, a systematized replica of Nazi looting. It easily dovetails into Soviet practice and theory, but it conflicts in essential points with the social principles hitherto accepted by Western democracy. The Western Allies must make up their minds whether Germany is to be organized on a communist or a capitalist principle. If, for reasons of fear, they prefer a communist solution, they had better clear out and let Russia run the show. If they want to turn Germany into a partner in western democracy in the not too distant future, they must not destroy the economic foundations on which such democracy is based and must show respect for the rights of innocent private property. If Allied security demands the confiscation of German patents, well and good. But safety is certainly not increased by depriving a German inventor of the fruits of his labors. The German people must pay the maximum of reparation they can bear, but not for the benefit of carpet-baggers. By ignoring the rights of property when dealing with foreign ex-enemies, one is furnishing an excellent pattern for handling class enemies at home later on. Taxpayers, not share- and bond-holders, are the proper bearers of reparation burdens. These burdens cannot be discharged in two and a half years. They can easily be spread over a period covering the stay of the armies of occupation, for as long as they are in the country, payments can be enforced. They should be terminated before the armies are withdrawn. They should be assessed by intelligence, not by vindictiveness. It is high time to replace the economics of fear by the economics of commonsense.

World Inflation or Deflation

(Continued from page 1375)

ventory always brings its own punishment. On the other hand, excessive timidity is a negative factor more or less incompatible with business leadership.

I'm concerned also with extremes in thinking, as well as in practice, since the latter frequently originates in the former.

People in my profession hear a great deal of loose talk. In many ways this is not surprising. My clients are chiefly businessmen whose individual affairs make heavy demands on their time. When they hear certain reports about international agreements or currency stabilization or the international policies of the United States or other countries, they are usually too busy to analyze them very carefully. It is not surprising therefore that many very intelligent men are singularly uninformed about highly important subjects.

For example, it is frequent practice to point out the small extent to which the United States depends on world trade and draw the conclusion that this country is not affected much by developments in other sections of the world.

There is the other extreme, of believing that the business trend in the United States is determined mainly by developments outside its borders. Many people have seriously worried that our postwar recovery would be nipped in the bud by adverse developments in the international sphere.

These extremes are common in almost every sector of economic or business thinking. There are those who continuously emphasize the danger of run-away inflation. We have had a great deal of this recently in connection with the battle over further extension of price controls. There are others who dwell on the disasters of deflation. Such predictions were more frequent before V-J day and before the "Full Employment Bill" was passed than they are now.

I mention these extremes because it is so important to avoid them. World Inflation or Deflation is a broad subject. I realize there will still be much to be said after I finish, and I believe the most important consideration for you as practical businessmen is to take the same commonsense viewpoint on world price trends as you do on the question of inflation in the United States.

Three Types of Inflationary Causes

All of you are familiar with how much confusion and misunderstanding is caused merely by the word "inflation." Mention that word to any audience and there will be some in it who think merely of a stimulating advance in prices and there will be others who remember what happened in Germany after the last war. We will understand each other better if we realize that there are

1. normal causes for inflationary trends
2. unusual causes, and
3. policy factors, which include the element of government controls and policies.

The normal causes of inflationary trends are simply new money creation—which is the chief demand factor — and temporary shortages of goods—which is the chief supply factor.

The effect of every major war in history, so far as I know, has been to intensify these two normal causes. Nations nearly always finance the wars they fight by creating new money. During the course of the war normal supplies are cut off from civilians and certain demands accumulate. In addition, productive facilities are always destroyed to a greater or lesser degree, either in the course of battle or through rapid depreciation while engaged in war work. The net result is that for one or two years after every major war there has been a tendency for prices to advance sharply until a new equilibrium is established.

I might add at this point that to my knowledge there has never been a case where prices merely advanced from a prewar to a postwar equilibrium. As they advance they gain momentum, overshoot their mark and then have to drop back. Thus every preceding inflation has been followed by a deflation, and I see no reason to believe that this rule will be violated on the present occasion.

The **unusual cause** of inflation is a typical prewar symptom—unstable governments or political collapse in certain individual countries.

This is what happened in Germany in the last war and what seems to be happening in Hungary and China after the present war. These areas of political instability are typical prewar symptoms and I question how much consideration we should give them. They are terribly important to the countries involved in them, particularly to working class populations. The sky-rocketing of internal prices, however, is always accompanied by a rapid depreciation of currencies. If it were possible to keep track of these changes in price and currency values and compute prices in terms of some stable outside currency, the price change would be greatly reduced or eliminated altogether. However, this would be a purely academic procedure, because countries caught in such a political collapse are not in a position to import or export; and they influence world trade mainly through their temporary withdrawal from it. If such a country has been a chief importer of certain commodities, the fact that it is in no position to buy may have a deflationary effect. If such a country, on the other hand, has been an important exporter of some items, then the lack of this supply will tend to strengthen prices in other sections of the world.

The third influence, which promises to be more important after this war than after the last one, is the policy factor, which involves the element of government controls and policies. I refer here not to international agreements of any sort, but merely to the extent to which important countries such as Great Britain or the United States, can influence the world price level by their own internal policies. Great Britain, for example, controls the source of many important raw materials, either completely or partially. The price trend for wool, rubber, tin, cocoa and other world commodities will be greatly influenced by the policies of the British government. Internal policies of the United States, whether they refer to the extent to which the United States supports agricultural prices or subsidizes exports, also have significance for the world price level.

Now that these causes of inflation are separated, it should be possible to draw some conclusions. I believe that a careful study of war-time costs and financing would convince you that the normal causes of inflation are somewhat stronger after this war than after the last war. However, there are counter effects. One of these is that government policies, particularly in Great Britain and the United States, have made a deliberate attempt to prevent runaway price movements. Other countries, such as Canada and Sweden, in response to rising prices in the United States, revalued their currencies upward in an attempt to insulate their own economy. Policy factors, I believe we must conclude, are somewhat more strongly anti-inflationary than they were after the last war.

Role of International Agreements

One of the chief aims of the United States has been to restore world trade on a sounder and broader basis than existed preceding this war, that is, during the 1930's.

Our theory seems to be that if currencies could be stabilized and trade barriers removed, trade would flow naturally and play its important role in preserving a peaceful world. This seems to me to be somewhat of an over-simplification. Why are international currencies sometimes unstable? Since currencies will find their own levels in terms of their purchasing power in world markets, it seems to me that instability of currencies is merely a reflection of basic underlying causes. The currency, in fact, might simply be regarded as a thermometer registering in international terms the inner health of a given nation.

If all nations were equally healthy in an economic sense, and remained so, currencies would be relatively stable.

And if all nations were equally healthy there would be no reasons for barriers to world trade.

I am afraid we must conclude, however, that all nations are not equally healthy. The question then becomes — will an international agreement to stabilize currencies prove a sufficiently strong medicine to cure a sick patient?

It seems to me we must accept a negative answer to that question until circumstances prove otherwise. Currency stabilization will not be effected until fairly general readjustments in currency relations have been accomplished. If these readjustments recognize the relative health of the different countries, then the stabilization agreement should be of considerable assistance in reducing the extent of further changes. Over a long period of years there would even be some hope that a greater exchange of knowledge, and a willingness of individual countries to regard their internal problems from an international viewpoint, might lead to better world conditions.

The other type of international agreement that we must be concerned with is the commodity agreement.

Such agreements, of course, are nothing new. They have been tried in the past. All of you are familiar with the various rubber agreements, their faults and failures as well as their successes, during the period between the two wars.

International commodity agreements encounter several types of difficulties.

1. Very frequently in the past they have involved only producing countries, and in some cases there has been a tendency to run them for the benefit of the producer without regard to the position of the consumer.
2. International commodity agreements have two strikes on them from the beginning, unless they include all of the important producing nations. I think we must seriously question the extent to which Russia, for example, will become a participant in commodity agreements for the next few years.
3. Some types of commodity agreements, to be successful, involve also the cooperation of consuming nations. Some of the wartime controls, like those over hides, skins, cocoa and other commodities, really involved allocation of supplies to important consumers, as well as control of production. Such types of agreements do not seem feasible except under wartime conditions, which force Allies to cooperate in the economic sphere. Most of these types of agreements have already been broken down.
4. Even if all important producing nations could be included in an original agreement, this does not take care of other producers who may become important in the future. If the agreement is favorable to the producers, that is if the price is profitable, other nations are naturally attracted to production of the given item. On the other hand, if the price is not favorable enough to attract competition, then sooner or later the participating countries will kick over the traces and go off on their own.

It would be dangerous to believe that international agreements will be a solution to our postwar price problems. Certain types of controls will be important and should not be under-estimated. More and more governments have assumed responsibility for internal conditions, including prices in some cases and the general well-being of some of their population groupings. These are factors that every businessman must consider, and I do not intend to minimize them. Toward the subject of international controls, however, I think our best policy is to hope for the best, but to be prepared for many difficulties.

Synthetics in the Postwar Period

Man-made materials will assume a greater importance in the postwar world price level than ever before in man's history.

Synthetics are not a new development. I believe later economic historians will agree, however, that they really came into their own in the second half of the twentieth century. The first half was a period of world-wide experimentation and rapid growth. At the present moment, synthetics are sufficiently well established so that they can influence the price fluctuations of competing natural materials.

Most important examples are rayon and associated fibers in the field of textiles and sypthetic rubber among the industrial raw materials.

The influence of synthetic fibers has been most interesting. In Continental European countries, particularly Germany and Italy, and in Japan, the development of synthetics has had a more or less direct impact on world trade and world prices. In the case of Japan this was exercised through a rapid growth of synthetic fabric exports; on the Continent it took the form of rapidly expanding domestic consumption which reduced the need for imports of natural fibers. Growth of synthetic fibers in Great Britain has been perhaps better integrated with the use of natural fibers than in any other country. In the United States, the cotton policies of the Federal government, together with the cotton price inflation of the war period, have worked greatly in favor of synthetic fibers.

Main effect of synthetics will be to introduce greater stability in the world price level. Their importance is not sufficiently great or widespread so that they can prevent a temporary inflation in raw materials markets. They will, however, help to prevent extremes from being as great as they would be otherwise, and in the longer-term period a steady growth in the use of synthetics will be accompanied by a gradually declining price level.

Synthetic materials at their present stage of development are also not subject to the deep price valleys that natural raw materials sometimes suffer. Markets for synthetics are not saturated and production is highly concentrated. Adjustments to temporary oversupply do not call forth unreasonable price declines, as frequently happens in the case of natural raw materials.

Role of Individual Nations

World trade is merely the composite activity of a large number of nations. World price levels similarly will be influenced by the policies and attitudes of individual nations and a few comments should be made about Russia, Great Britain, and the United States.

It is fairly plain that much of the present political tension is merely the birth-pain that accompanies the creation of new spheres of interest. The effect of this new division from a price viewpoint will depend chiefly on the policies of the dominating power.

I believe it is safe to predict that Russia will follow a highly individualistic course, predicated mainly on its own internal needs. For the next year or two at least, and perhaps for a little longer, Russia will buy some needed materials regardless of price. Recent purchases in the Latin American markets are examples.

Even during this period, however, she will shop around for some commodities. The recent trade agreement with Sweden, which provides Swedish industrial supplies, is already being used for purposes of comparison shopping; detailed studies are being made by Rusian economists of production costs and prices, particularly for machinery and industrial supplies, in other countries including the United States and Great Britain.

At a latter date it is easy to visualize the possibility that Russia will become an important factor in the export market, controlling foreign trade not only of the Soviet Union but also of the satellite areas. It is likely that political motives will be more important than what we would regard as normal commercial practice.

The British attitude will also reflect internal problems. However, its impact on world markets is likely to be entirely different than that of Russia, since the British internal position is more directly related to the level of world trade. Britain's peculiar quandary is that the nation must export in order to live comfortably, but must also import heavily in order to export. Policies will not be dominated solely by the desire for cheap raw materials, since this would impair the position of countries that are the chief markets for Britain's exports. On the other hand, Britain would be unwilling for raw material prices to soar too high since this would affect her own production costs and tend to limit her export markets.

As a matter of self-necessity, therefore, the British influence will tend to stabilize world price movements rather than to cause extremes.

The United States represents still a different story. I doubt strongly that we will have a uniform policy predicated on political objectives, or a consistent attitude based solely on economic considerations. Our influence on world trends and the world price level is more likely to be haphazard, the result of accidents or changing internal conditions.

Conclusions About World Trends

World economic and political tendencies continue to be inflationary in character. International agreements, including the Bretton Woods Bank and Fund Projects, will not become effective in time to prevent further inflation. Thus the international atmosphere favors a further advance in the domestic price level. Most world commodities will continue to gain. However, in some markets rising supplies have already retarded or even reversed the price trend, and operations from now on must be on a highly selective basis.

Although world-wide inflation will continue for some time it will vary in degree and magnitude in various sections of the globe. Hungary and China are examples of extreme inflation, based on uncertain political developments and lack of confidence in the currency. No important country as yet has reached a full-scale stage of deflation.

In Russia and Russian-controlled countries inflation is also a grave problem and has disruptive effects. The black market has been legalized under the name "free market" and exists side by side with a "rationed, price controlled" market.

Premature devaluation of currencies will not solve the problem of rising prices. In France, for example, latest reports suggest a further sharp price advance. Foreign exchange quotations are not now a reliable guide to the real purchasing power of foreign currencies.

Operating Policy From Now On

While the world trend is important, we must not forget that the United States is a part of the world. Tendencies here are more imporant for American businessmen than tendencies abroad, and the extent to which foreign countries are now speculating on these tendencies is impressive. Russia, Sweden and Great Britain each seem to anticipate a nearby ending of the current inventory replacement boom. Their own purchasing policies are planned accordingly.

All of you will agree, I believe, about the necessity for selective and careful buying operations from now on. The present boom is essentially an inventory replacement boom and has only a further limited period of time to run.

A year ago, when the war ended, reasonable estimates of inventory requirements centered around $8 billions. From the end of December to the middle of this year the gain in inventories amounted to $2.5 billions. For 1946 as a whole the inventory gain is likely to approximate or exceed $7.5 billions. With a further gain in both unit production and prices, the value of output will be at such a high level by the end of the year that continued activity at the same rate throughout 1947 would mean a further inventory accumulation of at least $10 billions.

That would be much too much. My own conclusion, therefore, is thatyear-end production and price levels cannot be sustained throughout 1947.

Is the Bull Market Over?

(Continued from first page)

stances highly unfavorable caused the debacle is simply a reflection of the patient's condition. He had eaten and drunk too much. His resistance had been lowered. A bad cold hit him at the moment when he couldn't take it — and so to bed!

Can "The Patient" Recover?

What is more important right now is whether the patient is constitutionally strong enough to come back to his old vigor — or is it double pneumonia with life or death in the balance?

A study of a few comparisons of former years is worthwhile.

In 1919 the stock market made its top exactly twelve months after the Armistice — and four months later had declined 56% from the top. Then there was a sharp recovery retracing two-thirds of the previous loss followed by a slow but steady fourteen-month bear market.

In 1929 at the top of an eight-year bull market, really divided into two sections — 1921-1925 and 1926-1929 — the so-called famous "crash" lasted two frightful months, during which period 58% of the eight-year trek was demolished.

In the 1935-1936 bull market, the first rumbling of a severe impending decline came during the spring months of 1937. In a space of four months the market lost 30% of its rise, followed by two months of recovery, and then the deluge.

Conclusions From the Record

So if we want to be argumentative we can look at the record on two counts and make the following observations—

(a) The current loss of previous gain is still far away from either 1919 or 1929 patterns.

(b) If similar to the 1937 pattern several months of modest recovery should give us a clearer picture of the business and political outlook.

And just to muddy the waters a little: a study of the 1923-1926 market certainly throws everything into confusion — because in February-March 1926 in two short months, the stock market lost 47% of a twenty-eight month rise. Was that a bear market or the beginning of one? On the contrary—just a two months' interruption in an eight-year bull market.

But let us do away with the terminologies. Many of the new issues which were brought out at extravagant prices, and subsequently were pushed still higher —are certainly in a bear market, because it will take a long time for earnings to catch up to the unconsiderable values of this spring and summer. On the other hand, for many companies just beginning a period of sustained expansion, we see a bull market ahead —the Airlines for example.

About a month ago, the industrial outlook seemed quite clear. Mr. Philip Murray of the CIO had let it be known and it was mentioned in a number of publications, that there would be no further interference with business—in other words, no strikes until after elections, particularly as many of the membership were tired of being out of work, due to various stoppages. It appeared, however, some weeks ago that Mr. Murray could not control his own unions. First, we had a Maritime strike on the Great Lakes, then a trucking strike and now an East and West Coast Maritime strike.

The spectacle of the CIO's not being able to control its own affiliates was extremely disheartening and brought about the first wave of liquidation during the early weeks of August.

One should not minimize the importance of the forthcoming elections. The worse the labor picture — the greater the chances of a change in the political pattern. If 1946 Elections are a trend towards 1948 (and both Parties are extremely sensitive to such a trend) the political implications should not be lost on the stock market.

From the Administration standpoint, it must be observed that they, too, can see the trend of things and may do everything possible to alleviate this industrial unrest for the very same purposes of having their own people elected.

Margin Rule Circumvented

In this connection, there has been some undercurrent of conversation to the effect that probably, or possibly, the Federal Reserve might change its 100% margin rule. It seems incredible that people who have been steadfastly for this 100% credit restriction, should believe that an operation of that kind, in a rising market, would stop speculation on the upside. Not only has it not done so during the period that the 100% restriction was in force, but a great many people, particularly those with a black market mentality, have been circumventing these regulations by making private loans at banks, either through subterfuge or by saying they were not using the money for speculation purposes; so it becomes evident that this rule, while being a restriction for the people with morals, has been taken advantage of by those people who are more interested in circumventing the regulations.

The Federal Reserve should now realize that the 100% margin regulation has been of no particular use, while the market was going up. However, when the market is going down, this very same regulation acts as a boomerang and restricts the buying power of people to such an extent that declining markets create air pockets. Once, a decline of this sort gets underway, the psychological effect on declining prices brings about cumulative selling waves which, in turn, continue the unravelling process and so we have a type of market which reminds us of the collapse of 1937 and that of 1929.

Whether or not the Administration in its efforts to stabilize what seems to be a temporary panicky situation, will change the credit regulations, remains to be seen. Certainly in view of the very sharp decline in many securities —in numerous instances as much as 35-50%—action of this kind could have a beneficial influence.

More important, of course, is whether or not the business trend is being reversed and whether or not the break in the market has more to it than just that. Are we going into a period of declining business and declining profits? This may be so and it is not the writer's intention to forecast the trend. He does believe, however, that the rise which will come out of this recent decline, will be a most selective one, and it is quite possible that many industries which are in an expansion period such as the air transportation companies, could have a bull market of their own, notwithstanding readjustments in other groups.

With further reference to the so-called foreign liquidation, neither the British market nor the market in Amsterdam has evidenced any fears along those lines and certainly those two markets would be more sensitive to international developments of an unfavorable measure.

One must inevitably reach the conclusion that we are paying for our sins of earlier this year and all of last year. The evil that men do lives after them and we have been experiencing a very severe correction of an unhealthy condition in the stock market.

It has been the writer's contention all along that while the averages were slowly going up during this period of new offerings, nevertheless these very same averages were being weakened by reason of the fact that people were selling good stocks in order to go into the newly created poor stocks. All of this has had the effect of undermining the structure as a whole and when one adds on to it the numerous rights to subscribe which have been difficult to pay for, also because of the 100% requirement to take up the additional stock the buying power available in the market gradually but constantly was absorbed more and more until we reached that day when the market began to tailspin downward and suddenly it is discovered that there was very little buying power underneath.

To sum up the situation as it looks at this point—we believe the worst of the sharp market decline has been seen. There will be stragglers making new lows—as always happens — but thereafter a recovery of at least two months' duration should get underway. By December the political labor and foreign situations should have crystallized to a point where new soundings can be taken.

Morgan Stanley Offers Scovill Mfg. Preferred

Morgan Stanley & Co. headed an underwriting group that offered publicly Sept. 6 100,000 shares of 3.65% cumulative preferred stock, $100 par value, of Scovill Manufacturing Co. at $102.25 a share. The same group is underwriting an offering which is being made by the Scovill company to its common stockholders of the right to subscribe at $30 a share to 149,548 shares of the company's common stock. The offering to stockholders expires on Sept. 20, 1946.

The financing is in connection with the company's program for the purchase and construction of additional machinery, equipment and buildings during the next few years for its various divisions and the main plant at Waterbury, Conn., in order to reduce costs and to expand and balance productive capacity. The company also plans to pay off a $4,000,000 bank loan.

The company, with its predecessors, has been in business and constant operation since 1802 and has paid dividends on its stock in every one of the last 91 years. The business of the company is primarily melting, casting and processing brass and other nonferrous metals and their alloys, and manufacturing from these and other materials a wide diversity of products.

Highway Safety Committee

Under an executive order of Sept. 4 President Truman created a Federal Committee on Highway Safety to cooperate with State and local authorities in reducing traffic accidents, according to United Press Washington advices. The committee is to be composed of one representative each of the Public Roads Administration, the National Bureau of Standards, the Bureau of Census, the Federal Works Agency, the Office of Education, the Federal Bureau of Investigation, the Interstate Commerce Commission, the Federal Inter-Departmental Safety Council and the War, Navy, Agriculture, Interior and Postoffice Departments.

The Financial Situation

(Continued from first page)

were hardly prepared for what they now read in their financial pages about what is going on south of Fulton Street, and from many others.

Reason for Worry

Now, we have no direct interest in the stock market; we certainly do not consider ourselves to be in any way clairvoyant, or to have any special insight into what that rather enigmatic market place is doing, is reflecting or is predicting. At the same time, we do know of a number of conditions existing both here in this country and in other parts of the world which leave us something less than enthusiastic about a number of things. We have no hesitancy in listing some of these or in explaining why they give us uneasiness. We can only suppose that they would in some degree at least influence our actions were we active in the securities markets.

One of the most obvious of these situations is that which obtains in the international scene, and which does not seem to improve as time passes. We fought the bloodiest and the most costly war in all history to rid the world of dictators, and "aggressors," and to enthrone freedom, "democracy," and liberty, so we were told again and again and again. Well, we won that part of the war which was fought on the battlefields of the world—won it so overwhelmingly that only a few almost unrecognizable fragments of our opponents-at-arms are left. Nothing could be easier for the victorious powers—were they agreed, mutually trustful of one another, and free of ambitions of their own, to keep these enemies in a state of pereptual helplessness—provided, of course, we were willing to pay the price and to swallow all scruples. This can readily be recognized as largely the millenium which we had been promised by those who led us into the world-wide struggle.

Much to Be Desired

Yet it is obvious enough that the current situation leaves a great deal to be desired. Keeping our former enemies in a state of perpetual impotence requires much that we had not counted on. We must permit them to live something like normal lives, and we must not prevent them from making their own living—unless we are ready to support them or to turn with hearts of stone away from their starving families. Yet self-support is not consistent with former rather silly ideas of complete impotence for them. Evidently we are under the necessity of a vigorous revision of some of our earlier ideas about these things.

But even more to the point, we find, as many of us have from the first been certain that we should sooner or later find, that the remainder of the world, including our own allies, have no such simple notions about world affairs as were for so long fed to us day in and day out. They, all of them, know that the problems of the world are not nearly so simple as we in our naivete had supposed, and some of them harbor ambitions which are closely similar to those of our former enemies, and no whit more commendable. Not only that, but one of them, Russia, is never upon any occasion in the least reluctant to step forward in behalf of these ambitions, and to proceed in the old, orthodox manner of "power politics" to obtain her ends.

All this may not, and we most earnestly hope will not, lead in any direct way to further conflict in the years immediately ahead—or at any other time for that matter—but it certainly makes unpleasantly clear that world problems still exist and are as difficult as they have ever been; that no ready-made mode of dealing with them has been conjured up or invented by the reform elements of the world and particularly of this country. It strongly suggests that another world conflict of devastating proportions and nature is definitely a possibility at some time in the future—fully as likely as World War II seemed after the last war. And, more important for the moment perhaps, is the fact that all this strongly indicates that either we shall have to find some way to persuade other nations to disarm, and find some way of being certain that they really are disarming and remaining disarmed, or spend a very uncomfortably large part of our energy and materials for the purpose of being ready for another conflict if and when it comes. The discouraging part of it all is that we seem to be making no headway, if indeed we are really making any effort, to bring about conditions which would really relieve the world of the enormous burden of modern day armament.

Domestic Conditions

But certain domestic conditions appear to bear more directly and immediately upon the situation today. These conditions are the creatures of a paternalistic, not to say socialistic, regime at Washington and a monopolistic labor movement, which together might appear to a man on Mars to be determined, between them, to make certain that business enterprise in this country shall not be profitable. The gravity of this state of things is very considerably enhanced by the fact that political opposition to the Washington regime seems to wince and relent and refrain whenever the fundamental necessity of getting back to rock-bottom principle comes to the fore. They, or many of them, are willing, even eager, enough to obtain credit if they can for condemning the nonsense of the "New Deal" and its fellow travelers, but few indeed of them are ever ready to speak, "after the manner of the English, in straight-flung words and few," in laying out their own course of action in opposition to this fol-de-rol which is so much the order of the day.

More Strikes

This aspect of the situation is brought distressingly to the attention of the public by the wide-spread strikes of the day, and the threat of many more. It seems more and more probable with each passing day that the unions fairly generally will not be satisfied with the enormous advances they have received in wages and in about everything else they have demanded. Increases in the cost of living, one of the inevitable results of these higher wages, shorter working hours, less energetic application of workers to their tasks, and the innumerable interruptions which make the smooth operation of industry impossible—the rise in prices resulting from all this is daily being made the excuse for demands for more of the very same things which are responsible for the increases complained of.

Much has been said in the past about price-wage spirals. Indeed the term has become a by-word of most of the soi-disant economists of the day. Now we are faced with a wage-price spiral, and to many of those who manage our public affairs it seems either relatively harmless or hopelessly inevitable. To the rest of us it spells trouble.

All this may have had nothing whatever to do with the recent behavior of the stock market, but ———.

Russia's Stake in Danubian Countries; Its Impact on Foreign Commerce

(Continued from page 1374)

the foreign government agencies affected, and in many instances will re-establish trade relations with firms, commercial and financial institutions located in Danubian and Balkan countries. This trend is an outgrowth of the salutary experiences which a representative number of American firms have recently had in dealing with Soviet authorities and/or with representatives of the other governments, including those countries where American-owned properties have been expropriated or confiscated.

Soviet Position Summarized

In its reply to the American note regarding the economic situation in Hungary, the Soviet note of July 27 stated that they "consider it necessary to draw your attention to the fact that the data cited in your letter and the conclusions which you draw on the basis of these data do not correspond to reality. . . . Under these circumstances the statement to the effect that the Reparations obligations of Hungary are excessive, 'crushing,' and so on, is deprived of any foundation."

Obviously, had the Soviet Government not felt sure of its combined political-military "might" it would not have asserted its alleged "right" in such strong terms. This principle may safely be applied to the whole Danubian problem, which is currently the bone of contention among the Big Three at the Paris Peace Conference.

A Legacy From Roosevelt

Regardless of our individual ideological predilections, and, however apprehensively we might view recent Soviet actions the world over, the fact remains that President Franklin D. Roosevelt made commitments at Teheran and Yalta and pursued a course of action on the basis of which the Soviet Government made elaborate plans which they have been putting into effect during the past twelve months. Whether we like it or not, this phenomenon haunts our representatives at the Peace Conference in Paris and this legacy is in no small measure responsible for the strained Soviet-American relations which have been deteriorating to a low ebb since F.D.R.'s death.

It may well be that the far-reaching political and economical integration of the Danubian countries into the Soviet system would render still more difficult the tremendous task of Europe's economic reconstruction. But Russia's current emphasis is on strategic factors; and, since the Danubian states are a composite keystone in the Soviets' western zones of security, the economic and even humanitarian aspects of the picture must needs be subservient to the political and military calculations.

To be sure, the Danube Valley was an important producer of wheat, corn and other foodstuffs and most of the agricultural surplus was shipped to the West in exchange for manufactured goods from there. If this century-old trend is to be reversed, American officials argue, it will have a disturbing influence on European economy and even on world trade.

Precisely. More than a year *"Mirovoye Khozyaistvo i Mirovaya Politika,"* the monthly publication of the Institute of World Economy and World Politics in Moscow, published a series of surveys and plans as to how the Soviets propose to reverse the "alleged historic navigation route of the Danube River commensurate with the trends of the times," that is, under the direction of the Soviets.

Economic Significance of the Danube River

The Danube played a vital part in the economic life of the pre-war Danube and Balkan countries. The Danube is the only exit to the sea for Czechoslovakia, Hungary and Austria. Before the war, 50% of goods destined for Bulgaria and 30% of those for Yugoslavia were transported along the Danube. Internal goods traffic was also carried out along this river. Rumanian oil and wheat from Balkan countries and Hungary were carried upstream, and industrial goods from Austria, Czechoslovakia and Hungary downstream.

Soviet writers contend that the Danube would have played an even greater part in the life of the Danube countries if the great powers over many decades had not laid claim to the Danube, its shipping, and to the Danube countries themselves. The Danube River, which connects the countries of Central Europe with those of the Balkans and the Black Sea, has for ages been the object of a struggle between capitalist countries and the center of international conflict.

With the rise of Fascism, enmity among the Danubian people was artificially fostered with greater intensity. After seizing Austria, Hitlerite Germany declared the Danube to be a "German state waterway" in line with the "new order in Europe." With the defeat of Hitlerite Germany and the fascist regimes in the Danube countries, the latter are now having an opportunity of using the Danube as a powerful factor in the development of economic collaboration among the peoples of the Danube Basin. To be sure, this economic development will be assisted by Soviet guidance and the Red Army.

Master Plan for Aggression

On the basis of the understandings reached at Teheran and Yalta, the Soviet Government has proceeded to put into effect another segment of its master plan. Accordingly, Russia has moved its frontier with Rumania by the reconquest of Bessarabia, thus taking in the mouth of the Danube and thereby controlling the outlet of that waterway. Moreover, the Soviet Government had recently signed bi-lateral trade agreements with the governments of Hungary, Czechoslovakia, Rumania, Yugoslavia and Bulgaria. Like the agreements effected with Poland and Finland since the war ended, a set pattern is discernible in all of these trade pacts. They are either short-range barter deals, running for twelve months, or long-term agreements giving the Soviet Union monopoly rights in joint-stock companies for the exploitation of natural resources. These steps are logical corollaries of the composite over-all plan to integrate the economies of the Danubian countries into the Soviet system.

Austria is still balking at the terms offered; but effective measures of Soviet control over Austria's production have already been established. The fate of Germany as an economic unit is still at the crossroads. But the Soviets are effectuating their master plan at an accelerated pace in the expectation that Austria and Germany (certainly the Russian occupation zone) will eventually become integral parts of the Soviet directed Danubia.

Importance of the Danube

Danube River traffic involves a highway flowing through the heart of Europe and touching *now* the territory and destinies of eight nations.

Rising in the Black Forest heights of Southeast Germany, the Danube follows a winding, generally eastward course for some 1750 miles before emptying into the Black Sea. On its way it passes through German Bavaria, cuts across the northeast tip of Austria, brushes Czechoslovakia, and then dips sharply southward to meander through the broad Hungarian plain into Yugoslavia. Turned eastward by mountain barriers, the Danube River forms part of a short frontier between

Yugoslavia and Rumania. Rolling on, the river divides Rumania and Bulgaria. Blocked again by mountains, it makes a final big loop into Rumania to the north and east, forming on this last lap of its journey to the sea the new Russian Rumanian frontier.

The Danube River is therefore an ideal thread to integrate the countries on its banks into a natural Soviet-directed geographic and economic unit. It is, therefore, of paramount importance to the Soviet long-range views that the destinies of these riparian lands are shaped in consonance with the set Soviet pattern of economic reconstruction and development and of political orientation.

Deference to Paramount Political Factors

No useful purpose will be served to anyone by repeated exchange of invidious notes between the governments of the United States and the Soviet Union. Obviously, the Soviets will resort to diplomatic subtleties, and, failing that, will openly resent the American tactics at the Peace Conference, and will continue to attack the economic clauses which the United States wishes to insert in the Italian and other treaties with a view to insuring most-favored-nation treatment to all members of the United Nations and the exclusion of discriminatory trade agreements.

Similarly, nothing will be gained by prolonged arguments as to who came first, the hen or the eggs. The fact remains that the game of bloc-building has been going on for some time. The Soviets were deeply hurt when the Anglo-American Financial Agreement was announced on December 6, 1945; thereby almost forcing the Soviets not to ratify the Bretton Woods Articles of Agreements. Since then, the British Government has effected bi-lateral monetary and trade agreements which are contrary to the spirit and letter of the whole Bretton Woods Program. The Anglo-Swiss Monetary Agreement is but one glaring illustration of this series of events. Yet, the United States has granted to the United Kingdom gigantic loans and credits; whereas the Soviet interest in receiving loans and credits of parallel magnitude was ignored in a manner ill-befitting a Great Power.

Link With Mediterranean Access

However, the apparent rigidity and intransigence displayed by Molotov and Vyshinsky at the Paris Peace Conference are neither signs of weakness, nor of intent to take the responsibility of bringing about the collapse of the frail structure of the United Nations. Such a course would seem to be contrary to their long-range views. Whether we like it or not, present Soviet leaders are dead set to prevent the restoration of the pre-war "balance of power" or "equilibrium of forces," which, in turn, would prevent the Soviet Union from gaining full access to the Mediterranean.

The cross-current problems surrounding the question of "free and open" navigation on the Danube are corollaries to the over-all Russian belief that the concept of an anti-fascist war ceased to exist among the other Allied Powers. Therefore, the argument runs, the Soviet Government must needs take fate into its own hands in destroying Fascism root and branch, especially in the Danubian countries.

Serious difficulties have arisen with regard to the writing of the economic provisions for the peace treaties with the Danubian countries: Bulgaria, Hungary and Rumania. Since Finland is not located on the banks of the Danube it does not present such complex problems. Greater difficulties are anticipated in the coveted attempt to solve the problem surrounding Germany and Austria.

On the one hand, powerful business interests are bringing pressure to bear on the State Department in order to assure unhindered, "free and open" navigation on and full access to the commercial traffic on the Danube River. This was also the motivating force which spurred a projected Danubian Federation, a project not only seriously considered but carefully mapped out.

On the other hand, the Soviets contend that the countries on the Danube must have the right to govern the commerce and navigation on the River. They are equally blunt in stating that they can ill afford the risk of having this prize area again fall into German control or into any other potential enemy of Soviet Russia. As is known, the river was very valuable to the Axis in war time for the transport of troops and supplies, especially the shipping of Rumanian petroleum and such bulk cargoes as grain, lumber and ore. By the same token, the Soviets can ill afford to witness the rise of a Danubian Federation under the aegis of the American State Department.

Reason for Finnish and Yugoslav Relative Independence

Oddly enough, the Soviet Government has found enough "trustworthy" Finnish and Yugoslav political leaders who will execute economic policies in Finland and in Yugoslavia that will be oriented into the broad Soviet system. This is one of the basic reasons why both countries are currently given comparative freedom in setting their own patterns of reconstruction and development. American-owned industrial plants and firms have recently been granted opportunities to reopen their business establishments in both countries. The restrained Soviet tutelage is also designed to enhance the possibilities of loans and other technical aid to be granted to Finland and Yugoslavia by American and British financiers and industrialists.

Illustrative of the head-on-collision state of affairs is the State Department's activities designed to bolster Czechoslovakia and Hungary in the hope of slowing the spread of Communist economic penetration of Eastern Europe. Accordingly, the Russians were quick to interpret the recent United States cotton loan to Czechoslovakia and the active help offered to Hungarian officials to stabilize their currency and to revive their economy as political moves fraught with danger for the Soviet stakes in the Danubian countries.

Announced Soviet Plans Affecting Danubian States

In the armistice agreement with the USSR, Rumania undertook to supply grain, timber, oil and other goods to the USSR for five years to come. The armistice with Hungary likewise provides for the supply of goods to the USSR, as partial compensation for the damage done. A large part of these supplies might be shipped along the Danube. Part of the grain and timber cargoes might be shipped to Mediterranean ports, as well as to the Near East. Building materials and semi-manufactured and manufactured goods will be shipped from Austria and Czechoslovakia to Balkan ports down the Danube.

As regards the chartering of vessels going up the Danube, of the pre-war cargoes there will remain grain and food supplies, which will be shipped from the Balkans to Austria, Czechoslovakia and other industrial countries, as well as Rumanian oil, which will be shipped to Yugoslavia and Czechoslovakia. It is also to be assumed that large quantities of fertilizer and other chemical products, metal articles, agricultural and other machines will be shipped immediately after the end of the war from the USSR, Britain and the United States to the Balkan countries, through the Black Sea ports and up the Danube.

Referring to the prospects of the development of Danube shipping in the more distant future, particularly to the problem of the Danube as a trans-European waterway, the Soviets point out that the failure of the Hitlerite plans for a "New Europe" and the political and economic liberation of the Balkan nations will create suitable conditions for the industrialization of the new agrarian Danubian countries. Industrial development will enable them also to raise their low standard of agricultural production. As is well known, Balkan grain, owing to the primitive methods of cultivation, is comparatively expensive. This reduces the possibilities for its export which affects Danube River transport. The development of livestock breeding (for which there are suitable conditions in the Balkans) would increase the foreign trade turnover between the agrarian and industrial Danubian countries.

Soviet spokesmen contend that more than 700 ships belonging to the Danube States are in the hands of the British and American commands. These include not only vessels belonging to countries which fought on the German side during the war, but also those owned by Yugoslavia and Czechoslovakia.

Concurrently, the Soviet Union returned more than 150 vessels to Yugoslavia and about 30 to Czechoslovakia, while the few remaining ships belonging to these countries are to be restored to them in the near future. Russian writers contend also that dozens of ships have been placed at the disposal of Rumanian-Soviet and Hungarian-Soviet steamship lines. Most of these ships were handed over in perfect condition, after having undergone repairs. Essential goods and foods were shipped from the Soviet Union to the Danube countries last year. "This year still more will be shipped."

Prospects for American Participation in Danubian Commerce

Whatever the final judgment may be as to F.D.R.'s responsibilities in expediting Soviet Russia's paramount interference in the internal affairs of seventeen countries, it is a *fait accompli* that we must needs reckon with. Moreover, the present reversed policy of the State Department, designed to extricate ourselves from the commitments made at Teheran and Yalta, are bound to have a deleterious effect on American prestige the world over. Specifically, the USSR is now playing the role of a Great Power, second only to the United States. Therefore, come what may, the artificially inflated rivalry between the Capitalist and Soviet systems will not, in my judgment, result in global war. Also, despite the frantic concerted effort now being made in the United States to prepare public opinion for war with the Soviet Union, American business firms, industrialists and investors will continue to export goods, services and industrial "know-how" to the Soviet Union in ever increasing quantities. This process is an integral part of our free enterprise system. Perish the thought of war between the United States and Soviet Russia; business will continue as usual until the fatal eve, just as we continued to ship goods and raw materials into Germany and Japan until the eve of Pearl Harbor.

Notwithstanding the credence given to the ideas of "inevitable war" and "possible war," the premise that there will *not* be a global war within the next generation is based neither on wishful thinking nor on any unawareness of the dynamic political forces currently at play the world over. Elsewhere, this writer has analyzed the relative military strength and strategic positions in the light of actual and potential resources available to the United States and the Soviet Union. But the point to be emphasized here is the premise that within the next two decades there will be neither "global war" nor "genuine peace." To be sure, potent imponderable factors might prove otherwise.

Applying this principle to our problem of re-establishing trade relations with the seven Danubian countries and with Soviet Russia, which is *now* the *eighth* riparian State surrounding the River, it behooves the business community in the United States, especially the segment engaged in foreign trade, to take concerted action and to broaden the base of commercial and financial relations with the Danubian countries. This is also the central thought incorporated in this writer's suggestion for effecting a commercial treaty with the USSR on a *quid pro quo* basis.

The Steadiness of the London Stock Exchange

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therefore, of spending on goods more than a fraction of the Indian blocked sterling balances. The alternative is to spend them on British securities. This is in fact what is being done. Indian buyers are prepared to pay high prices for such securities because they feel the risk they thus run is smaller than the risk of a scaling down or immobilization of their sterling balances.

There is nothing surprising in this attitude of Indian capitalists. What is surprising is that the British Government is not taking any steps to stop the purchases pending the negotiation of the funding of sterling balances. Yet Indian holders of sterling are by no means alone in bidding for British securities. The amount bought by overseas holders of blocked balances must have been considerable, and the movement is only at its initial stages. If allowed to proceed unhindered it would mean that a very large part of the blocked balances would become converted into foreign holdings of British investments. The amount involved might easily run into billions of dollars. A by no means insignificant part of Britain's national wealth would pass into foreign hands.

This would produce a highly detrimental effect on Britain's trade balance. Instead of being interest-free or costing, as at present ½% on foreign-owned Treasury bills, these foreign holdings would have a relatively high yield, and the foreign exchange needed for them would have to be found somehow. What is perhaps even worse, these investments would escape the funding arrangement and would constitute a permanent threat to Britain's foreign exchange position. By virtue of the Washington Loan Agreement, sterling will have to be made convertible in July, 1947. This means that, unless the claims represented by the blocked balances are funded into a long-term loan, their holders, or the holders of investments bought by them, would be entitled to transfer their funds abroad. Any crisis might result in a wholesale flight from the pound, and such transfers would deplete the British foreign exchange reserve, including the proceeds of the American loan.

The balances ought to have been blocked in the real sense of the term—the moment it was announced on Dec. 6, 1945, that they are meant to be scaled down and immobilized. The omission to do so should be made good at the earliest possible moment. Unfortunately the temptation to do nothing is only too strong. It suits everybody that Stock Exchange prices should continue to be reasonably well maintained through Indian buying. All British investors are grateful for it, and the government is not altogether displeased by the absence of relapses such as have occurred recently elsewhere. So it is to be feared that, for the sake of the temporary comfort of a relatively steady Stock Exchange, Britain will be landed with permanent burdens beyond its capacity to bear, and will have to face risks it can ill afford to face.

Army Officers Approved

A list of 900 new officers has been approved by President Truman to fill vacancies in the regular Army, according to Washington advices from the Associated Press of the War Department's announcement on Aug. 27. The increase will bring the number of regular Army officers to 25,000; Congress has already authorized an additional 25,000.

A Haunted Election Campaign

(Continued from page 1379)

So did the Russian Czars. If totalitarian power is seized by the use of military force, we call it Fascism or Nazism. If it is attained through revolution from within we call it Communism. Either way the result is the same. A few in control of the government take over and tell the rest of us what we must do.

Of course, nothing could be farther from the American concept of government. Yet, even in this 1946 election—unless we are careful—we can be engulfed by this moth-eaten, discredited old totalitarianism and started down the road to serfdom. It is this system, now rampant in Europe and Asia, and which has divided the world into two camps, that today threatens America. Only the utmost care in casting our votes in 1946 will keep it from dividing and engulfing our nation.

Republican Opposition to Totalitarianism

The Republican Party is unalterably opposed to this system. We will never accept it. But many bewildered and true Democrats, with the high code of honor of Jefferson and Cleveland, are caught in the middle. The Democrat Party—long an advocate of State rights and personal liberties—has forsaken its principles to promote and follow radical doctrines. While promising security to the masses it is busily engaged in the curbing of individual liberty and freedom, and the destruction of State and local rights.

I say to you, the Democrat Party, as constituted prior to 1933, no longer exists. It is dead—fallen prey to the totalitarian plague which is sweeping the world. The good name of the Democrat Party has been prostituted by the unholy alliance which has taken it over. There are many thousands of true Democrats who bitterly resent the invasion of their party by this motley crowd. We all remember the indignation meetings held by Domecrat members of Congress to express their resentment and to publicly disavow their unwelcome fellow-travelers.

Radical Cuckoos

But the radical cuckoos have robbed the nest and left their own eggs to be hatched.

In Missouri, for instance, the President and the Democrat National Chairman recently sought and accepted the aid of the corrupt Pendergast machine nad the PAC to defeat a Democrat Congressman for renomination. This Congressman's only sin had been to vote his conscience and to thereby refuse to rubber-stamp unwise White House-sponsored legislation. The penalty for this, was his purge and liquidation. As if in Europe or Asia, the three-bladed guillotine of the Administration, the PAC and the Pendergasts, was erected in Kansas City and the political head of Congressman Roger Slaughter fell into the basket — while the beer flowed and free lunches were served to Caesar's howling mobs.

It is not a pretty political picture.

Subversive Elements Cannot Be Laughed Off

Democrat leaders are attempting to laugh off the charges that subversive elements are threatening our form of government. They say we are dragging a political red herring across the trail. Yet the Attorney General of the United States, in a significant speech delivered in Chicago recently, warned our people of these very same dangers from these very same subversive forces.

I wonder if Chairman Hannegan, of the Democrat National Committee, will deny the truth of the words spoken by the Democrat Attorney General, Tom Clark of Texas, or accuse him of misrepresentation or falsehood?

The High Cost of Government

Let us see how far to the left we have been carried by the radical elements in control of the Democrat Party. Today more than one out of every four dollars of our national income is taken to support the Federal Government. A year after the shooting stopped the Truman Administration is still spending more than four times as much as in any peacetime year under President Roosevelt, who, incidentally, was not particularly noted for being careful with public funds. Today there are more than three times as many civilian employees on the Federal payroll — almost three million—as in any prewar peacetime year. Today the citizens of this Republic, who willingly disciplined themselves and made sacrifices during the war years, are being compelled to accept the continuation of many so-called war controls as a permanent part of their lives. If this is not entrenched greed—greed on the part of those in power—then what in heaven's name can we call it?

Confusion and inefficiency, waste and extravagance, can be found everywhere. Ugly stories of graft and corruption are breaking into the open in an ever-increasing torrent. Both disrespect for, and fear of, our Federal Government grow daily. The only certainty of today is the uncertainty. No American can plan his life very far in advance under present conditions. The coming election must decide whether each of us can direct and control our own future, or whether a central government will continue to do it for us.

Elemental Patriotism Is Simple Issue

Never before has a political issue been so clear. It is the simple one of elemental patriotism and Americanism.

We of the Republican faith ask for, and welcome, a critical examination of our prnicipIes. We want them plainly understood, for the time has come for plain talk. Therefore, we shall speak in plain language. Here's where we stand.

Politically we stand firmly against every *ism* but Americanism. We believe in *representative* government, rather than *executive* government — and that the people should direct the activities of their public servants, rather than that public officials should direct the activities of the people.

We believe in the prompt elimination of all unnecessary government controls and restrictions. Such controls have hampered reconversion, held down production and brought on inflation.

We want free markets — not black markets.

We stand for a dynamic expanding economy which will produce more goods at lower prices and furnish more jobs at higher wages. We want every citizen to have the opportunity to build a better mouse trap, and to sell it more cheaply, than his neighbor. That is the American success story in contrast to the Administration's long established policy of creating scarcities and dividing up shortages. It is the one method which will supply the homes our veterans need and have not been getting as a result of the Administration's tragic failures.

Special Privilege Opposed

We oppose special privilege for any individual group or class—whether it be the gigantic industrial trust or the radical labor racketeer.

We insist the Federal Government must immediately begin to live within its income. To accomplish this we propose a reduction in both bureaus and bureaucrats, and the elimination of waste and extravagance. The time has come for the loafers, who have been fattening off of your tax money, to be put back to work producing something besides red tape and confusion.

We contend Federal taxes must be reduced. Representative Knutson of Minnesota, ranking Republican member of the Ways and Means Committee, insists individual income taxes can easily be reduced by 20% next year by eliminating unnecessary government spending. On the other hand, President Truman and Secretary of the Treasury Snyder insist no tax reduction is possible, and that instead Federal income taxes may have to be increased. Take your choice.

In foreign affairs we oppose both imperialism and appeasement. We shall never evade our international responsibilities, but neither shall we forget that this Government has just as great an obligation to its own people as it has to the people of foreign lands—yes, even including Yugoslavia and Russia. To this end we pledge to thoroughly cleanse the public service of all those whose loyalty can be questioned—and there are thousands of them.

These are the primary issues the people must ponder before voting. Only a Republic is ruled by votes. We still have the time and the power, through our ballots, to beat back the threat of totalitarianism. Nov. 5 will be a day of decision. We believe the one sure way to bring an end to the confusion, the corruption and the Communism which threaten our Republic is through the election of a Republican Congress.

Gas Sales Up in July

Sales of gas to ultimate consumers by gas utility companies in July increased 2.2% over a year ago, totaling 1,799,046,000 therms compared with 1,759,915,000 therms sold in July, 1945, the American Gas Association reported on Sept. 5. The Association's index number of total gas utility sales was 183.8% of the 1935-39 average.

For the 12 months ending July 31, 1946, sales of utility gas were 25,722,000,000 therms, a decline of 1.7% under the previous year.

Sales of mixed gas during July amounted to 72,500,000 therms, an increase of 3.7%, compared with sales of nearly 70,000,000 therms in July, 1945. Mixed gas sales for the 12 months ending July 31, 1946 gained 1.8% over those for the preceding 12 month period. The July, 1946 index of mixed gas sales stood at 164.5% of the 1935-39 average.

Manufactured gas sales in July rose 0.4%, to total 143,600,000 therms against 143,100,000 therms a year earlier. Sales for the 12 months ending July 31, 1946 were 2,057,000,000 therms, a decline of 1.1%. The July index of manufactured gas sales stood at 142.7% of the 1935-39 average.

Utility sales of natural gas amounted to 1,582,900,000 therms, an increase of 2.3% over sales of 1,546,900,000 therms in July, 1945. For 12 months ending July 31, 1946, natural gas sales totaled 22,466,000,000 therms, a decrease of 1.9%. The Association's index of natural gas sales in July, 1946 was 189.9% of the 1935-39 average.

The therm is a unit of measurement of gas supplied which takes into account variations in heating value of fuel gases. A therm is equivalent for statistical purposes, to approximately 190 cubic feet of manufactured gas, 120 cubic feet of mixed gas, or 95 cubic feet of natural gas.

The Stock Market Break

(Continued from first page)

When you do the latter, the bank gives you cash from its reserves and you immediately take it home with you. It will always be the amount of your check — no more no less.

Reasons For Break

When you sell stocks, the broker must hunt around to find somebody who will buy your stock. When the market is booming, somebody will probably pay you more than the stock cost you; but on a declining market, he has more difficulty to find buyers. This is especially true today when buyers must pay cash. This largely eliminates the little people as, too often, only well-to-do people have the ready money. During August most of these wealthy people are away on vacations and have forgotten the stock market. Thus, it has been especially difficult for brokers to find cash buyers during the past month. This, in my judgment, is the main explanation of the August market break.

Certainly there is nothing in the present business situation to justify declining prices. Every company has tremendous unfilled orders and the banks are overflowing with idle money. It should take two or three years to fill the demand for automobiles; while the building industry has not yet got under way. It is true that in previous periods of prosperity the market has turned downward during the first half of the prosperity era; but history does not always repeat itself. Certainly, today history is not repeating itself in any other category.

Some Stocks at Bargain Prices

With the expected increase in 1946 dividends, certain stocks now appear to be bargains. Carefully selected stocks can be purchased today at prices and yields which should serve as good permanent investments, irrespective of market conditions. Suggestions as to selecting stocks and "switching" so as to be prepared for World War III if it should come, will be covered in next week's column.

To offset the effect of a World War III, there are several possibilities which every investor should carefully consider before selling stocks today. The first of these is the elections which come November 5. Present indications are that the Republicans will get absolute control of the House and possibly working control of the Senate. This may lay the foundations for a complete Republican victory in 1948. I am not a politician but merely a statistician and, hence, you cannot bank 100% on this forecast. However, either before or directly after Nov. 5, we should have much higher prices. If a Republican President should be elected in 1948, stocks could "go through the roof."

Russian Revolution Ahead?

Something may happen in Europe to greatly improve the situation. If the British and American delegates stick together and refuse to get tired out, Russia may be sensible and agree to fair terms and yet secure freedom of all seas for all nations. The death of Stalin or a People's Revolution in Russia should make the stock market boom. Moreover, it is very probable that the Allies are now planning and encouraging a Russian Revolution. This is the reason for the "iron curtain" and the desire of the Russians to tie up the Danube River and Balkan States. It explains why our flyers were shot down.

Perhaps the Allies may sign Peace Treaties without Russia. With our supply of atomic bombs—and I assume we are shipping some of these to England—and with the possibilities of bacteriological and chemical warfare to kill both people and crops—World War III may be started by England rather than by Russia although we would probably get involved in it. If England should strike first, this could be very bullish on the market.

Labor Outlook

Some persons are selling stocks on account of further strike threats. These do not worry me marketwise. When production catches up with consumption the cost-of-living will again decline and labor's main argument will have been knocked in the head. Furthermore, as the "52-20 Clubs" dissolve and veterans and their wives again enter the labor market, a surplus may take the place of the present shortage. This will be another thing to keep labor leaders sensible.

Foreign Trade Expansion

Predictions of an expanded postwar foreign trade have been full justified, according to the issue of the Foreign Trade Bulletin published on Sept. 3 by the American National Bank and Trust Company of Chicago. Exports during May, 1946, were close to three and one-half times and imports almost twice the 1936-1938 monthly average, said the bank's announcement of Sept. 3.

In a foreword, A. M. Strong, Vice-President of the bank, states that this is the most opportune time for manufacturers to develop lasting foreign outlets for their products and for importers to establish sources of supply of raw materials, semi-finished products and consumers goods.

The issue contains a resume of the import tariff system of China, describing duties, method of payment, surtax, internal taxes and import prohibitions and permits. The issue also contains current data on Argentina, Belgium, Brazil, Canada, Czechoslovakia, Holland, Hungary, Italy, Japan, Philippines, Sweden and Venezuela. The Bulletin points out that:

"The recent announcement by the Canadian Government raising the rate of the Canadian dollar to par with the U. S. dollar does not mean that all transactions with Canada can be made on a dollar-for-dollar basis. Only funds for which the Foreign Exchange Control Board in Canada provides U. S. dollars are convertible at par. Canadian checks for which no official exchange is provided must be sold in the open market. The open market rate is subject to fluctuation and the Canadian dollar is at present at about 3% discount."

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of July 31, 1946, and show that the money in circulation at that date (including of course, that held in bank vaults of member banks of the Federal Reserve System) was $28,253,878,909, as against $28,244,997,112 on June 30, 1946, and $27,107,824,101 on July 31, 1945, and compares with $5,698,214,612 on Oct. 31 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, the total was $3,459,434,174.

The Sell Out by Congress

(Continued from page 1378)

wear, and for an opening in our economic life into which they can slip and feel a part of things again. The veteran's problems are those of every man. But the veteran faces them all at once and the full blow is a staggering one. The very urgency of helping the veteran in his efforts to obtain the basic requirements of civilized living however, point to the fact that his needs are the fundamental needs of all the people.

The Search For Security

The search for a home, for food, for a decent job, for clothes, for protection against the devastation of sickness and unemployment and old age — these are the imperative wants which we band together as a people in order to obtain. Once they are secured, we are free to develop a civilization in which there is room for every kind of talent. The author, the song writer, the sculptor, the scientist, the banker, and the manufacturer — all of them have the opportunity to develop their special gifts when the basic requirements of life have been met. That is the code of our civilization. And when we depart from it we go back to the code of the jungle where only the strongest survive. The greatness of our Nation lies in the fact that we have traveled the farthest of all nations away from the jungle. But we must travel much farther before we will preserve the strength and character and talent of all our people.

We say frankly on Labor Day that we want more out of life than a jungle existence. Most of us will be content to enjoy a happy home, a high standard of living, and the blessings of peace. Some want fame and wealth, power or prestige, the opportunity to develop a great talent. We do not begrudge any man these things, and we wish success to those who are striving to win them. We know that the lives of all of us are brighter and fuller when talent and greatness develop among us. The life and work of Franklin Delano Roosevelt wlil forever remind us of that truth.

We insist on just one thing—that the struggle for success, by whatever yardstick a man may measure it, must not be carried on at the expense of the people. No man has the right to great power acquired through stripping the people of their liberties. And no man has the right to great wealth amassed through reducing millions of workers to a life of unrelieved misery and poverty. Some of our greatness as a Nation crumbles away every time this occurs.

Our National Life Must Be Organized

The importance of security and a high standard of living to the continued existence of democracy is so fundamental that few, if any, men will challenge them. We cannot secure them, however, unless we organize our national life to meet the challenge of modern times. Our forefathers set the pattern for our national life by fighting a revolution and then adopting a Constitution which guaranteed justice for all. As a result, we no longer have to fight a revolution to adjust the pattern of our national life to changing conditions. The Constitution provides for this and places the responsibility on Congress to pass laws to "promote the public welfare."

Congress Has Broken Its Pledges

The 79th Congress, whose members left Washington several days ago to campaign for re-election, was elected on a pledge to enact into law an economic bill of rights which would provide fundamental security for all the people. But the 79th Congress did not carry out its pledge and has left to the 80th Congress, when it convenes in January next year, the unfinished business of enacting that bill of rights.

The need to plan for this security is urgent. Let us face the facts squarely. We no longer have a wilderness to settle, a frontier to which to move. If a man becomes dissatisfied, he cannot today pack up and move, as Daniel Boone did, further into the forest and with an axe build a new home for himself out of virgin timber. We no longer live the isolated and self-sufficient lives which we did even a hundred years ago. What happens to one group directly affects the welfare of every other group. When thousands of factory workers in any community are out of work, they have no money to buy the goods on sale in the shops or gasoline for their automobiles. They have no savings to deposit in the bank. We are an interdependent people today, and the whole community suffers when tragedy strikes at any one group.

Nationwide Cooperation Absent

In the absence of a nationwide cooperative attack on the problems common to all, each group of citizens which works together does the only thing it can; it tries to protect its members. Back in the nineteen thirties, you may recall, the farmers in the midwest banded together to stop farm foreclosures. They could not sell their milk at a profit and they dumped it into streams rather than haul it to market. At that time, we spoke of a "farm problem." Actually, it was a national problem and became a "farm problem," a "banking problem," a "labor problem," only as it affected each of these groups in our national structures. We learned a few things out of the suffering of depression, and this was the chief lesson of all—that problems of one group are those of all. And so it is today, but we have still to apply that great truth to the solution of our existing problems.

At the present time, some consumers throughout the country are refusing to buy the automobiles, the radios, the clothes and other goods which they want and need because the prices are too high. This is the consumers way of trying to protect themselves. In the absence of effective price control, it is the only thing the housewives can do. A buyer's strike cannot be effective on all types of goods, however, since we have to buy food, clothes, fuel and other items even though prices soar.

Today the public schools of the country are woefully short of teachers. For years underpaid, the teachers of the Nation reluctantly turned away from their noble task of training and educating the youth of the country. As other employment opportunities offering a chance to win a larger measure of personal happiness opened up, the teachers accepted them. In the absence of a concerted attack on those problems which have made the profession so frequently one which offers little to teachers, they protected themselves in the only way they knew. The whole Nation today is the poorer because of this draining away of the educational skill of the land. But do you blame the teachers for leaving?

And so it goes. As the basis of security and the opportunity to enjoy life crumbles beneath each group in our society, it takes the best action it knows to protect itself.

Strikes Rooted in Social Misery

This same lack of a concerted national attack on economic and social misery is responsible for most of the strikes of the Nation. For strikes have their roots deep in that nation—wide misery. They are the result of accumulated grievances and our failure to act together in eliminating them.

A strike is a terrible thing. Workers who have been on strike know the cost to their families, the suffering of the women and children, the dogged misery which keeps a man day after day from returning to work because he has had more than he can stand of unadjusted wrongs, of the constant pinch of poverty and overwork. Labor, more than any other group in our society, knows the heavy toll which strikes exact. And strikes are the last type of action to which they turn.

Why then, do strikes occur? For exactly the same reason that school teachers flock to better paying jobs, although their hearts are in teaching. For the same reason that farmers in times of depression gather together to prevent the foreclosure of a mortgage on a neighbor's farm. All of these actions have in them the note of desperation. They spring from the determination of men to act decisively before all hope vanishes and to fight against injustice while they still have strength. Most of all strikes are a signal of the failure of Congress to carry out the people's will to work and plan together that this democracy may be one of enduring greatness enduring prosperity and enduring opportunity.

Prevention of Strikes

Strikes can be prevented. I made this statement during the railroad strike last May. It appeared in ads in leading papers throughout the country. And the way to prevent them is to eliminate the economic and social ills which beset the majority of us. Franklin Delano Roosevelt understood this fact better than most men who have been elected to public office. He was repeatedly re-elected because he demonstrated that he understood this truth. In 1944, when he was last re-elected to the Presidency, he swept into office a Congress pledged to carry out the provisions of an economic bill of rights. That Congress was pledged to plan for full employment at wages that would ensure a decent standard of living for everyone. It was pledged to protect the people's health through launching a program of national health insurance that would provide medical care and services for everyone. That Congress was pledged to keep the cost of living down, through vigorous enforcement of price ceilings.

In May 1944, the President, in his message to Congress on housing, urged immediate action for aiding home improvement and construction. He said, in part:

"Many of our homes are in decadent condition and not fit for human habitation. They need repairing and modernizing to bring them up to the standard of the times. Many new homes now are needed to replace those not worth repairing. The protection of the health and safety of the people demand that this renovating and building be done speedily. The Federal Government should take the initiative immediately to cooperate with private capital and industry in this real property conservation. . . .

"The purpose of this program is two-fold; First, to return many of the unemployed to useful and gainful occupation. Second, to produce tangible, useful wealth in a form for which there is a great social and economic need."

Notwithsanding this sacred pledge, the 79th Congress sat supinely by and failed to do anything about it. This tragedy has given our returned veterans and thousands of other worthy citizens a solar plexus blow.

Goose-Stepping With Wall Street

The 79th Congress was goose-stepping with Wall Street. And the tragedy brought about by its failure to set up an adequate housing program gives the monopolistic industries more power in their lust for profits. No one can foretell what violence may flare up as a challenge against this unholy delinquency. Naturally, the rest of us must strike back with whatever weapons we have, as there can be no real possibility of happiness for those who are deprived of decent homes.

Fortunately, the power to change this situation lies with us. We, the people, can forever banish the code of the jungle from our Nation. We are the source of political power in this country. We elect the Congress, and we can change its attitude by changing its membership. The high cost of living will not go down until we do.

The most tremendous effort which labor can exert will not speed up production if industry refuses to operate its plants. That is what is happening today. In the refusal of Congress to plan for basic security for all the people, no one knows what kind of an economic pattern will develop. Prices will go higher and some big industries will snatch the chance for tremendous profits at the expense of most of us. But if the Congress declares that everyone is entitled to security and a chance for happiness, the economic pattern will jell. Most of our problems will then disappear. Industry will still make its profit, but widespread suffering will disappear.

Here in the United States, we have the national resources, the skilled workmen and the capital to provide all our people with the things which they need to ensure a good living. You and I are tired of bloodshed and tears. We want the right to live at peace with our neighbors and to enjoy life for a change. We are determined to do so. If we'll all work together between now and Nov. 5 to elect a Congress which will cooperate with the people, we can live that way.

From Washington Ahead of the News

(Continued from page 1379)

go on to say that, however, Truman is a very small man. Their implication is that he is really not the big man to carry on the Roosevelt policies but that they are.

This writer has had some pretty hot discussions with his colleagues on the subject of whether the Republicans are right. We think, personally, that they are tremendously wrong. Those who argue to the contrary, cite Truman's lack of intervention, his "do nothing" policy in such matters as the maritime strike, as this is written. They say that Truman's earlier lack of leadership in the automobile and the steel strikes last year and in other strikes this year make him vulnerable like nobody's business. They say he has not exercised a firm hand.

On account of Truman's weakness, they say, it is well for the Democrats to get away from him and revive Roosevelt. That there was a firm and a forthright and dynamic man, there is not the slightest doubt.

He went places and carried the country to places with his energy and forthrightness, too. The country today is in about the worst mess that it has ever been in in all of its history. To say nothing of the young men killed and maimed, whom it is shy of, it has a national debt of some $270 billion. Young Elliot Roosevelt has told us in magazine articles that the reason we got into war in the Pacific, according to his father, was because of British and Dutch imperialism. That is not what he told the people and of course, it is not so. But according to Elliot that is what his father thought.

On the Western front, Secretary Byrnes has definitely repudiated the Morgenthau plan for Germany. We are now quite manifestly interested in reestablishing Germany to the extent that it can be a bulwark against Russia. The question naturally arises as to why we had to go to war to set up this situation.

The record is plain, and is being more indelibly written every day, that the most tragic and costly chapter of this country's history was described by the great Franklin Delano Roosevelt. It should also be plain that entirely through fortuitous circumstances, a people who do not deserve it, now have a man in the White House who is so obviously trying to get the government back to a people who are apparently not capable of governing themselves, and receiving such lack of response, that it is pitiful.

Consider the campaign which the Republicans think they are making: They complained that Roosevelt was a dictator. He intervened in every phase of our life, even to changing the observance of Thanksgiving Day and back again.

Now they are saying that Harry Truman is not a leader. He does not know how to deal with crises. In the matter of these labor crises, Franklin D. knew what to do. He decided them in favor of labor. Great man and a strong man. Truman does not go headlong into these crises. His disposition is that if the editors and the commentators would just keep quiet awhile they would not be crises. And he is right. The agitation has forced him into these so-called crises against his will. Presumably it will again. Roosevelt was a "strong" man against whom the Republicans complained. Truman is a "weak" man against whom they are complaining. What do they want? The Democrats say Roosevelt is still their candidate. To this writer's mind, the Republicans will do better to accept that. The people become involved when the Republicans say they admit F. D.'s "strongness," but now that there is Truman, they are the "strong," and "efficient" leaders of the people.

James V. Matts With Bruns, Nordeman Co.

Bruns, Nordeman & Co., 323 Broadway, New York City, members New York Stock Exchange, announces that James V. Matts has joined the firm as manager of its downtown office. Mr. Matts has been in Wall Street for the past forty years. He was formerly with J. S. Bache & Co. and Seligsberg & Co. and was a partner in Cohen, Wachsman & Wassall.

Curb Seat Transferred

The Board of Governors of the New York Curb Exchange at regular meeting approved the transfer of a regular membership on the exchange from Joseph A. Cole to Milton A. Pfizenmaier, Hawkes & Co., 14 Wall Street, New York City.

New Alex. Brown Phone

Alex. Brown & Sons, New York, Baltimore and Washington Stock Exchange members, announce that their New York office telephone number has been changed to BEekman 3-5700.

Let Us Restore American "Business as Usual"

(Continued from page 1379)
war, somehow, but when it was over, we were going to have something ready with which to carry on. More important than parades and bonuses and celebrations and peace conferences were jobs, factories, homes, distribution systems and well-defined opportunities for progress and better living.

Things may not have turned out just the way we saw them, and even now it is too early to appraise our situation accurately. It is child's play for special pleaders and Monday-morning quarterbacks to "prove" right now that things are in an awful mess, and that we are whirling towards another war at a dizzy pace. But the battle was more than half won back in the 1940's, in my estimation, when American business found the courage and the intellect and the confidence to acknowledge its responsibility for its fellow man. It went in for self-analysis, it rubbed its depression scars, and put its best brains to work on future planning; determined to avoid the more tragic consequences of postwar hangover if that were humanly possible.

The Wartime Situation

Postwar planning was, of course, cold comfort four years ago to a salesman with nothing to sell. But he did what he could. He went into uniform in many cases. He went into factories and made things with his hands and with tools. He discovered that wonderful wartime activity of expediting, and he went up and down the land, or maybe just up and down alleys, looking for nuts and bolts and parts and raw materials and manpower. Sometimes, like a lot of other Americans, he gave up his life. But most of the time he kept his knowledge and ingenuity, and added to it, and told himself that this could not last forever. Men who sell, as a class, have vision and tolerance and understanding, probably because their profession makes them be so many different things to so many people. They are always on the offensive, pacing the scientist, the engineer, the manufacturer; continually making factories too small and working hours too short, as they drive through the day.

Men who sold goods knew that the war was going to be a battle of smokestacks, and they adapted themselves as best they could, and kept their eye on the ball. I say "they"—but I would guess that most of us in this room are numbered among such a group. We may be manufacturers, or designers, or researchers, but our interests are primarily in the movement of goods at a fair profit. The things we stand for, the rules we live by, are readily ascertainable. There is nothing very complex about our familiar business cycle. We decided, along about 1941, that there must be no retreat from the high mark of our industrial activity when the war was over, and the main thing we worried about was unemployment. The whole postwar planning program was drafted in terms of jobs, because jobs meant purchasing power and contentment. As time went along we became highly interested in new materials and new devices — light metals, plastics, electronics — and our interest stemmed from the belief that these would mean more jobs. We foresaw that thing we have come to know as reconversion, and I think that American industry performed one of the finest jobs in its history in planning reconversion, regardless of how it has turned out. Inefficient operations were recharted, new ground and new plants acquired, plans were made for new machines and for better arrangement of old ones, markets were probed, and distribution machinery tightened up.

Reconversion Plan

Most of us had our eyes on these things: taking back the millions of men in the armed forces, retraining them where necessary, and putting them as fast as possible into civilian harness where they would have job security; second, increasing our productive efficiency so that costs could be cut and prices lowered, to the end that there might be greater distribution of goods and services; third, improving the distribution machinery itself, providing for a fairer division of the margin between sales price and manufacturing cost, eliminating some of the wastes that had grown into the system, and immeasurably broadening our markets. The angle from which all of this was attacked, the real problem uppermost in our minds, was the provision of employment for all who wanted to work. Industry thought it knew more about the way its own system worked than any outside group could possibly know and it was prepared to make the most of its opportunity to show its stuff to the unbelievers, the cynics, and the academic adventurers.

Then something happened. While we were calling signals, somebody stole the ball. Somebody still *has* the ball. To the rest of the world we appear to be just a little ridiculous. We still have our fine team. We still have our plans to drive ahead and they are almost as sound as they ever were, but the maddening thing to most of us sitting on the management bench is the sense of delay and frustration, because we have not been defeated, but just thrown off balance. If there was one thing that none of us were worrying about, it was our ability to produce. That was beyond question as late as a year ago, for had we not produced our enemies right off the map, with steel and glass and rubber and gasoline with planes and tanks and ships and shells, with ingenious and unheard-of devices such as radar and jet propulsion and finally the atomic bomb itself? Produce? That would be childishly easy with our magnificent new plant or so it seemed.

Of course we knew it would not be quite as well-oiled and automatic an operation as it appeared to be on paper, no matter how great was the demand for goods on the part of a war-starved consuming public, no matter how comforting the backlog of savings which would pour forth in a golden stream. Wartime controls could not be cast off all at once. There would have to be some restraint exercised, and some healthy examples set, if we were to keep prices in line. We might have to scratch around for raw materials and parts at first, until things became organized and set into a peacetime groove. The competitive picture was bound to be unsettled, with newcomers in the field. There would be initial inefficiency as new hands took over and new assembly lines took shape. But certainly none of this was serious, because we would all pull together. We could not afford to do otherwise. Nothing else made sense, and there was a vast amount of work to be done.

Our Lost Opportunities

But it just didn't work out. Today, more than a year after V-J Day, our shelves and showrooms, if not empty, are tantalizingly unfilled. Homeless American families tramp the streets with money in their pockets looking for a place to live. The black market in food and other commodities is a commonplace. Manufacturing plants jerk along spasmodically, occasionally coming to a dead halt as they run out of steel, or copper, or glass. Advertising and promotion falters, groping for the products which it should be helping to sell, and finding *nothing*. . . . And, finally, there is not much to sell.

Production The Cure

I believe we are faced with a battle of smokestacks. Just as we were able to make our victory possible with unprecedented production, so we can beat out of the doldrums of industrial unrest and peacetime sickness with the same kind of remedy. I am afraid that I am one of the world's champion optimists, where American industrial production is concerned, although I will admit that there are many days when I wonder how I get that way. Those are the days when I take a look at the figures and see that on one side we have high employment, high costs, and high ambitions, balanced on the other side by low prices, low efficiency curves, low supplies of materials and parts, and low production. Not so long ago we almost ran out of copper, and no one has yet figured out how you can run an electrical manufacturing company without copper. That was just after we almost ran out of steel. Now the copper supply is getting better and we are short of steel again. But seriously, there is just one commodity that is even more precious and vital in the electrical industry than steel and copper, and we have more of that today, of a higher quality, than we ever had since Thomas Alva Edison sat peering through the night hours at Menlo Park some 67 years ago at the first successful incandescent lamp. That commodity is enthusiasm and faith in the future. It would not be difficult for me with the resources at my command, to marshal enough figures and failures and frustrations to paint a very discouraging picture of American industry and enterprise. Yes, we have had a year of strikes. Yes, prices are inflated. Yes, there are too many of our fellow countrymen who seem to be more interested in security than they are in opportunity, more afraid of the atom bomb than they are excited by the promise of atomic energy. Yes, there is a continuing shortage of white shirts and straight whiskey and prime beef. Yes, we seem to have a rising wave of crime, international vituperation, and domestic Communism. In view of this alarming situation, the General Electric Company for one, plans to employ *more* people, in *more* plants across the United States, at *higher* wages, and drive for *more business* than ever before in its history. Furthermore, we expect to have plenty of company, and we cordially invite you to come along for the ride, helping us to produce more goods, for more people, at less cost.

Salesmen who wanted to help did find something to sell during the catastrophic war years. As you are well aware from your own experiences, they sold their fellow citizens courage in the dark days, confidence in American ingenuity and hard work, pride in achievement, and the old virtues of sacrifice and teamwork. In the disappointing months since the war's end, we have found new things to sell each other, and I hope we shall not forget them as our machinery gathers speed and begins to sing again.

For example, out of trouble we have gained a new awareness of what makes a business enterprise, something we must have known all along but were perhaps too busy to acknowledge properly. A company is not just physical—so many human beings who labor, so many others who put up capital, so many buildings and machines and contractual obligations. It is also a highly organic social entity which keeps house in a community, pays taxes, keeps its grass cut and its hedge trimmed, merits the respect of its neighbors, and needs their friendship and understanding. It will get only what it deserves to get by its conduct and no more nor less. Too often, it seems to me, even after we have become aware of our social obligations, have we tried to discharge them in a cold and ineffective manner, along mass production lines. When we tried to explain ourselves to our fellow citizens we used a sound truck when we should have been talking across the back fence. We were apt to employ the same megaphone technique when we addressed employees and stockholders and customers. The trick is this, to put it simply: as long as you do your talking from behind a loud-speaker or a headline, nobody but the crackpots bother to answer. If you want help, and understanding, you have to talk to one man, or one family, at a time. That way, you find out a few things about yourself. You will get answers.

It is not easy for a corporation to carry on a two-way conversation, or get on a next-door-neighbor footing, but we are working at it. If we can sell the idea to 150,000 employees, more or less, that gives us 150,000 back fences to hang over, and 150,000 front porches to sit on, in the places where we do our business.

"One-World" Doctrine Overdone

Here is another thought for your consideration, as salesmen. There is the old saw that time heals all things, but usually it isn't just time alone that gets in the healing work; it is time plus preoccupation with something else. I have a hunch that we are suffering from an overdose of "one world" doctrine, and Americans who normally were occupied by such great issues as the price of corn in Iowa, or how to get off jury duty in Milwaukee, were suddenly given the world for breakfast and urged to get on intimate terms with Balkan politics, Chinese Communists, and various economic problems of the British Empire. For the last few years the age-old headaches of Europe and Asia have been grafted onto us willy-nilly. With the Atlantic Charter in one hand and a copy of "Life" magazine in the other, we became world citizens before we could catch our breath. Large American families were likely to find themselves represented by offspring in both the Pacific and the European theaters simultaneously. Isolationism became not very fashionable while a shooting war was on. As a consequence of all this, perhaps we are unduly influenced, and therefore unduly depressed, by the daily crises among the United Nations and their erstwhile opponents. We hardly have time to unfurrow our brow and close our mouths from the shock of this morning's Moscow pronouncement before the afternoon's blast from another capital ties us in painful knots.

Without frivolity, and wtih due concern for the state of the postwar world, I should like to be reminded every so often that Molotov, after all, may yet turn out to be only a trick name for a short vodka, and Tito still another columnist for the New York "Post." It is true that there are tragically serious decisions to be made before we can ever approach the peace we hoped we would get, and you and I as ordinary subway riders cannot brush them off. Perhaps we will be able, in our small way, to influence those decisions. But do not let us discount that expression—"in a small way"—because it is important. The thing that Americans do best, in a small way, is to go about their business as usual. "Business as usual" is one more of those expressions or concepts that have come to be regarded as indicating a stupid and provincial outlook. There is a British expression very comparable to it, known as "muddling through," and in two world wars it was spoken of very contemptuously by the most important power in central Europe, and today those same central Europeans have only to raise their eyes from the broken streets of Berlin and Hamburg and Munich and observe how their cities have been tumbled about their ears and their dead counted in millions, just because they never really understood the miracles that could be wrought by a policy of muddling through, with every man, in his small way, voluntarily contributing his share to victory.

Let Us Cultivate Our Own Garden

The bitter violence that encumbers the Trieste settlement, the nightmare of a starving and beaten Europe facing billions in reparations, and the strangling hostility being born on the other side of the Soviet iron curtain—these are matters that will not immediately be settled, today or next month, even by diplomats, much less by you and me. Let us cultivate our garden, as Voltaire said, and see whether by such small measures we will not in the final reckoning turn out to be the real diplomats after all. If we cannot heal Europe and Asia this week, let us at least keep our machine shop, or our peanut stand, or our rolling mill, going. Perhaps we can inch up the production a little, turn out a few more products, employ a few more men. Every inch thus gained is an inch along the road to stability; and a stable United States, with smokestacks going and cash registers ringing, speaks with more authority in the councils of the world than all the quarreling commissars and marshals and foreign ministers that can be packed into the halls of the Luxembourg palace. The stomach is mightier than the sword; the expense account more potent than the ultimatum; and a bill of lading fills out a better economic "straight" than a bill of reparations. Personally I am not ashamed to enlist, for awhile at least, under the banner of "business as usual," and leave the grandiose and cosmic business of world diplomacy to those appointed to do it.

This should be our economic preoccupation until the economic world body becomes a little more dehydrated. Many of us who are dizzy from contemplating the international effect of the American dollar as measured by the billion will sleep better nights if we get back to contemplating the American dollar one at a time. That is more familiar ground. The atom bomb would be far less of a threat to world peace if we could find some way of bombing the restless and hungry peoples of Europe with modern plumbing or electrical appliances—at a reasonable profit.

Gains Being Delayed

Meanwhile, how are we doing, here at home? Certainly not as well as any of us expected and hoped that we would, but our difficulties and daily setbacks, coming on the heels—I *hope* it was the heels—of the greatest wave of costly strikes in our history serve to obscure the small, sound gains that are being made here, and there. In our company we are still manufacturing certain items at a loss—but not at as great a loss as was the case a while ago. In counting our blessings we have to begin at the small end, and perhaps we should be happy just to be making things at all. The other day in one of our factories I came across a manager of manufacturing who has been growing noticeably older this summer trying to get some assembly lines organized. Before the war he probably wouldn't have looked up as he walked past a conveyor bristling with hundreds of half-assembled equipments, but on this day he was leaning against a pillar, tired but happy, like a five-year-old at the end of a birthday party, watching a handful of men assembling a machine. "They're actually making something," he said. "It's almost finished. We have all the parts for it we need today, even if we run out tomorrow. Over there we have some lumber to crate it up, and we are going to ship it out. Somebody is going to sell it, and somebody is going to buy it and use it. I had to look all over the plant to find something that was actually being finished, but there she is!"

You could look at him, in my position, knowing the heartbreaking interruptions, the frustrating shortages, the high costs, and the pitiful little volume, and say to yourself, "Boy, this is bad!" But somehow I found it good. It was the best thing I had seen all day, and right there I had all the confidence and enthusiasm of a farmer who watches the seed being put in the ground and knows that with patience, luck, skill, and large helping of honest toil, he is going to have a bumper crop. We are again going to have bumper industrial crops in America, before too long, because a lot of earnest men with their minds on their business and determination in their hearts are in there pitching. In our company again, we have been measuring our disappointment by a pretty big yardstick, it occurred to me the other day. It was not the old pre-war yardstick of production, because in terms of that we have already exceeded our best pre-war figures in some lines. What we have been using is a brand new postwar yardstick, and the calibrations on it are a lot farther apart. We threw the other one away and I hope we never have to go look for it.

Our people engaged in the distribution of consumer product lines have begun to report little things that I believe are important to all of us salesmen. The other day I heard some actual instances of hastily-manufactured products, thrown together to tap the starved market by a fly-by-night operator. They were priced high, of course, but they didn't sell. That was surprising enough in itself, as we have been led to believe that people today will buy anything. These devices were then marked down so that the dealers wouldn't have to return them, and still they didn't sell. I think this comes under the handwriting-on-the-wall department and we will do well to remember it. Our surveys have very definitely shown us that today there is a marked preference for, and demand for, branded merchandise. They have also shown us that the buyer in this market, instead of slapping down his cash and carrying away his gadget, is showing considerable interest in quality of construction, materials, and performance before he makes a purchase. I hope none of you are dismayed by such reports. I hope you welcome them, as we do, because the careful and exacting buyer who knows what he wants has never penalized a company yet that didn't deserve to be penalized.

Good Employment Results

I am indebted to a recent issue of "Business Week" for some figures which perhaps many of you saw, on national employment. To me they seemed to establish two things—a cause for satisfaction and a warning. Here they are:

In July, 1945, the total United States labor force numbered 67½ million persons, and in July of this year it numbered 63 millions —a drop of 4½ millions, caused by women and emergency workers dropping out. The armed forces a year ago this summer numbered 12.3 millions, but by July, 1946, they had dropped to 2.6 millions. That meant that the civil labor force had risen in a year from 55.2 to 60.4 millions. During this year the farm labor force had hardly changed at all, whereas the non-farm group had increased 3.8 millions, and the army of the unemployed had risen from one million to 2.3 millions. So much for the figures alone. What this means is that despite the prophets and calamity-howlers who foresaw demobilization as disastrous to the American scene, some 9,700,000 members of the armed forces have been absorbed into civil life since V-J Day in a dramatic movement of epic proportions. You will also note that our total available labor force has been reduced in that year by 4½ million persons. It is pretty well established, as the statistician points out, that there is a normal unemployment in this country of two million at almost any given time, due to shifting of jobs and situations. The real gain in our labor force, figuring normal unemployment, will be less than two per cent, when all factors are considered, and with this barely augmented army of workers we are faced with a vast increase in the production of goods and services, on which the planners are pinning their hopes. This is the simple outline of the real challenge to American enterprise. Now we are feeling and fumbling our way up from strikes and shortages and various disjointed but temporary conditions, trying to attain a point that we once considered normal. Paced by our intelligent planners, we are of course shooting far beyond that level. But at a given and determinable point we shall reach a manpower ceiling, and then the chips will be down and it will be up to all of us who compose the entity known as American industry to show the world something new, not only in productive efficiency but in economical distribution. I have every confidence that we will deliver the goods when that time comes—and I mean deliver *more* goods, to *more* people, at *less* cost. You and I have seen in our lifetimes too many made-in-America miracles to be apprehensive over this one. We have the scientific research, the inventive genius, the engineering and manufacturing skill, and most of all the sheer dynamic force to achieve just such a goal. This is a very serious business, as you well know, and the peace of the whole world may depend on it, but even if it didn't, I am convinced that we would probably do it anyway—just for the hell of it.

We seem to have gone a long way in a very short time, considering that we began today by agreeing that we had nothing to sell and then wound up shooting the moon. On the other side of the ocean they just eat lunch. Over here we eat quickly so that we will have time to remake the world according to our own design before going back to the office. We are smiled at in international circles for that habit, because those who do the smiling don't understand us, or appreciate that we long ago adopted this technique to keep us in training, to share our respective enthusiasms, to exchange experiences, and to sharpen us mentally so that we can go back and begin hitting the ball without too many practice swings.

Bureaucracy Subsiding

It is worth noting that not so long ago it was utterly impossible for business men to get together to talk or listen on an occasion such as this without bringing Washington, the Administration, the bureaucrats, or the rest of those overworked words into every other sentence. Almost without our knowing it, a subtle change has taken place. Whether you like the present Administration and approve of its policies or not, it strikes me that Washington is once more becoming a city on the Potomac, and less of an ever-present symbol of authority. Part of our recent confusion and grief can be attributed to the fact that we are being left to solve our own problems, and we are a little rusty at it. But we can learn not to lean. It will be pleasant to go around once more without carrying that little man or our back. I can visualize real management-labor negotiation, for instance, when the parties know that they have to have a meeting of the minds themselves, without recourse to any distant oracle. Significantly enough, the worst domestic mess that faces us today is the one in which there is a large measure of federal control—or rather, attempt to control—and that is home construction. The sooner we stop building those paper houses and begin driving a few nails, the sooner will we reach a solution.

So I think we are going back to work, slowly but surely, with a great deal of backing and filling but more and more concentrating on the familiar, substantial things which we understand because these are certainly the building blocks with which to rear an enduring peacetime world. It is comforting to live in a country where a window display or a sales meeting is important, where a man can make his living by ringing doorbells and asking "Have you read this?", and where the new book that seems to be selling the most copies is about a cat that inherits the Brooklyn Dodgers and appears on Information Please. We are the people who love to hear Admiral Halsey tell the press that we will sail our ships "anywhere we damn please!", not because we actually have any hostile designs on foreign territory, but just because we love to hear that man talk. This is once more getting to be our kind of country. Let's treat it right, with a little humor and a lot of respect, and invest in it a great deal of hard work—and before your eyes, before you know it, we will be back on the beam.

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trict and the nation are fast approaching a point where substantially all available men and materials are at work. We must, therefore, distinguish carefully in appraising future gains between those which reflect an actual increase in goods and services produced and those which reflect primarily price increases as the values of scarce items are bid up. Further gains in physical output will depend largely upon more productive use of the manpower and resources we now have.

Seventh District Hard Hit—Makes Progress

The Seventh Federal Reserve District, comprising most of Illinois, Indiana, Michigan, and Wisconsin, and all of Iowa, contains 20-25% of the nation's industry, agriculture, and commerce. At V-J Day, this District was in many respects more fully devoted to war activities than most other regions. Production was concentrated upon mass output of the latest weapons for the expected siege of Japan. It is not suprising, therefore, that the Seventh District, and particularly its 26 major industrial areas, has experienced a severe economic shock. The District is the center of output of most badly needed consumer goods, e.g., automobiles, home appliances, and furniture, and is vitally linked to steel and coal supplies, as well as to rail and lake shipping transportation. Consequently, it has had a disproportionate share of wage-price-profit controversies and work stoppages. Because of its well diversified business pattern and the unusually high proportion of war-built industrial facilities readily convertible to peacetime use, however, the District has also been better able to withstand this shock and thus far to make outsanding progress in the changeover to peace.

Business Outlook at V-J Day

The ending of the war brought a greater psychological "lift" to all of us, but also a business outlook mixed with elements of strength and weakness. On the favorable side were: the vast amounts of productive capacity and materials released for civilian use; a huge accumulated backlog of demand; unprecedented financial strength of most consumers and business firms; and a large labor force with industrial training. Unfavorable factors at V-J Day included: unpreparedness of many businesses and individuals for the sudden ending of the war; widespread shutdowns of war plants and large-scale discharges of service men, which together threatened mass unemployment; reduced hours and falling of employment, promising correspondingly lower incomes and consumer expenditures; and far-reaching wage-price-profit controversies with related strikes and production delays as Government sought to hold down prices, labor to restore its wartime take-home pay, and management to avoid unprofitable production.

Many observers, following the position taken at the time of the World War I Armistice, emphasized the unfavorable aspects of the business and employment outlook and were quite pessimistic. Others stressed the most favorable aspects and predicted a prolonged period of prosperity. As usual, the consuming public held the key to what actually happened. The facts are familiar to all of us; the pressure of postponed demand proved more powerful than deflationary forces after each war. Favorable factors turned out to be very favorable, and the unfavorable ones — although often more severe than ever before—nevertheless were not sufficiently strong to produce more than mild setbacks locally.

Unexpected Favorable Developments

Several unexpected developments since V-J Day have contributed to present high levels of business and employment: (1) The number of persons seeking work has been smaller than anticipated, primarily because many women have left their wartime jobs at least temporarily, and in general, returning service men have not rushed immediately to find jobs; (2) reconversion of industrial production facilities has been accomplished much faster than originally foreseen because of the "know-how" of American industry and because of the broad similarities which have been discovered between war and peacetime production. As a result, fewer war workers were laid off and many more were restored sooner to peacetime industrial payrolls; (3) the consuming public has continued to spend not only at abnormally high wartime rates, but also in still larger amounts, principally because incomes have been well maintained and less has been saved currently. In addition, savings accumulated during the war have been drawn upon to a substantial amount, but after a sharp post V-J rise, war bond redemptions have now levelled off at a moderate rate in relation to sales; and (4) widespread confidence has perisisted about the future course of business and the availability of jobs, probably because of a general conviction that five years of defense preparations and war must be followed by an extended period of prosperity, at least until pent-up civilian demand has been satisfied.

Four Reconversion Phases

Thus far, reconversion in the Seventh Federal Reserve District, and generally throughout the nation as well, has fallen into four fairly distinct phases: (1) an initial downturn for about two months after V-J Day as the result of large-scale war contract cancellations; (2) subsequent partial recovery during the closing weeks of 1945 and early in 1946 as civilian output was resumed; (3) restricted production during January-June, 1946, largely attributable to widespread wage-price-profit controversies, uncertainties, and continued demobilization; and (4) the present period of reduced work stoppages, rising employment, and expanding production resulting from at least temporary wage-price-profit settlements and a greater general awareness of the imminent dangers of current inflationary trends.

The course of business and employment, during the next few months at least, will be conditioned largely by what happens to prices. We cannot forget that although price advances have been smaller during, and thus far after, World War II than in the corresponding period of World War I, our dollar today buys only about what seventy-five cents would buy in 1941. We may well be concerned about the inflation which has already occurred as well as about what may lie ahead.

If wage-price-profit controversies lead to further waves of successive strikes, the Seventh District and the nation face a period of further inflation with output definitely below capacity, which might well end in a business recession when the savings of unorganized consumers are exhausted and their current incomes prove insufficient to support the going price levels. Full production, on the other hand, will satisfy the huge consumer demands, but there is still a question about the volume of goods which a more discriminating consuming public will absorb on a continuing basis, even at pre-June 30 OPA prices.

Debt Retirement Program

The President's message of Aug. 3 had a good deal to say about debt retirement. The Treasury, as you know, is accelerating its retirement program. The Federal debt reached its peak of 279 billion dollars in February of this year. It had fallen 10 billion dollars by the end of the fiscal year 1946 (June 30). An additional substantial amount undoubtedly will be retired during the fiscal year 1947. The retirement of the debt is faster than any similar movement in our history.

Unfortunately, it is easy to exaggerate the deflationary effects of this rapid retirement. As indicated, the Government is still running a budgetary deficit, and the bulk of the debt retirement will continue to come from the Treasury cash balance. Its effect will be largely confined to a reduction in the volume of short-term Government securities held by the commercial and Federal Reserve Banks, and an offsetting reduction in War Loan deposits. The cash holdings and deposits of nonbankers will be practically unaffected. Early budgetary surpluses are imperative so that debt retirement will also mean reduction in the expanded money supply.

Bank Loan Volume Expanding

Another set of financial statistics well worth watching relate to the volume of bank loans. These figures, as you know, are issued weekly for reporting member banks in the 101 largest cities in the United States. I want to call attention particularly to "commercial, industrial, and agricultural loans" which have risen sharply since the end of June. Here are the figures, as of Aug. 21. Their current volume is 8.4 billion dollars; this is over 40%

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above the V-J Day figure. More than 35% of the postwar increase has come in the last eight weeks!

The bulk of the increase in these loans has undoubtedly gone to finance increased physical production. Money and goods are increased concurrently, and I doubt that there is any inflationary effect. Such loans as these must and should be encouraged. But with manpower and materials as scarce as they are, it is reasonable to question the purposes behind some of the increase, particularly that which has occurred in July and August. To a considerable extent these loans may be designed to hold inventories for further price increases, or to provide additional cash and working capital which would be unnecessary if prices were not rising. Of these two categories of loans, the first fosters price increases directly, and the second weakens resistance against them. Under present business conditions, loans of these types are potentially dangerous, even though they may be perfectly sound and liquid by ordinary standards.

Consumer Credit Regulation Changed

Many of you have also noticed the recent tightening of Federal Reserve supervision over consumer credit under Regulation W. Since Labor Day, the upper limit of regulated instalment and single-payment loans has been raised to $2,000 from $1,500, and the required repayment time on instalment loans, not involving the purchase of listed articles, has been lowered from 18 to 15 months.

The importance of this move lies in its reversal of the trend of liberalization which had been in effect since the end of the war. The liberalization policy was adopted as a means of relaxing and removing consumer credit restrictions as production controls were loosened and consumer goods began to flow into the market. Its current (and temporary) reversal is a consequence of the sharp increase in the volume of consumer credit since V-J Day and is intended to retard that rate of increase. Despite this change, Regulation W remains substantially less restrictive than it was a year ago; for example, restrictions on loan credit for automobile tires and accessories have been relaxed, and the restrictions on credit for the purchase of a number of specific articles including home improvements, plumbing and lighting fixtures, furnaces, etc. have been removed completely.

Agriculture

The war years have brought a temporary prosperity to Iowa's agriculture. In spite of labor and machinery difficulties and other harassing problems, Iowa farmers have performed nobly and have earned during the last four years a gross cash income in excess of 1½ billion dollars yearly.

Farmers have shown good sense and practiced sound management of their finances, including a substantial reduction of the farm mortgage debt. But now as we move into the period of readjustment to peace, we find military demands for farm products greatly reduced, and the buying for UNRRA and related foreign food relief purposes is scheduled to terminate at the end of this year. We cannot, of course, predict the future level of farm prices, but it appears highly probable that the prices of farm products in the next few years will be materially lower in relation to other prices in the economy. It also appears certain that the present trend of rising farm costs will continue for some time. This is bound to put pressure on farmers to watch their costs more closely and to put a premium on sound farm management.

Prices of farm lands continue to rise rapidly in many parts of the country. In some quarters this is characterized as a land boom as vicious and as bad as occurred following World War I. There is, however, a considerable difference of opinion as to how serious the situation is. Fortunately the rise in Iowa land prices has not been as threatening as it is in some other states. Perhaps Iowa farmers remember too well how it all ended the last time. In spite of these developments, there can be little doubt that some farms are being sold at too high a figure to pay out over the long pull. But even with rising prices for farm lands there is one unique difference between the current situation and that which prevailed following World War I. Studies indicate that about half of the farms being sold are bought for cash and that where financing is involved the purchaser's equity or down-payment is running at least 50%. It would seem to me, therefore, that farms are in much stronger hands financially than they have been during our recent history.

Sometimes when caution is suggested in buying land at high prices the question is tossed back: "But what else is the farmer to do with his money?" As I see it there are several courses open to the farmer with money. Many farmers are thinking of the years ahead with a great deal of caution and are thinking of alternatives with a view to long-range, sound financial management.

We have been through a period of years when our farms were burdened heavily to meet the needs of the war. Not only have buildings and improvements had to be neglected because of the wartime shortages, but equipment has been worn out and badly needs replacement. Our soils have been heavily depleted in many cases and need rebuilding if Iowa is to have a sound agriculture in the years ahead. Furthermore, there is a technical revolution rapidly going on in agriculture, and the successful farmer will need to modernize and adapt if he is to stay in the race.

Students of agriculture have for years pointed out the need to make country living more satisfying to farm people. This is a social challenge to which increasing numbers of farmers are giving thought. The planes of living on the farm can be improved in many ways. This applies not only to the providing of home conveniences and equipment to help make farm life more pleasant and less burdensome, but it implies also increased attention to the health and dental care of the farm family, and particularly to the providing of better educational opportunities for the younger members of the farm family. Sound and judicious expenditure of purchasing power on these items will be a wise use of finances, providing of course that they are scaled to the capacity of each individual farm and farmer.

Sound soil management has of necessity been somewhat neglected during the war years. More and more attention will be given in the years ahead to soil-conserving and soil-building practices. Expenditures by farmers along this line are a proper part of sound, long-range financial management.

Lastly, increasing numbers of farmers are making it a part of their financial management to carry more or less permanently a sizable reserve in the form of government bonds. Such reserves stand not only as a bulwark against uncertainties that physically and economically seem always to plague agriculture, but in addition government bonds yield a sure return on the investment that ought not to be overlooked. I think we can conclude, therefore, that there are many attractive alternates open to the farmer when he considers what to do with his money.

U. S. Savings Bonds

The bankers have a great opportunity to perform a great public relations job and at the same time help defend the world against poverty and war, and that is to make every income receiver a bond holder, which in turn will make them individually a more competent person, a more valuable citizen, and at some time in the future an excellent customer for his bank. This Association can be of great help to the Treasury, and I am sure that the Treasury can count on your aid, not as an obligation to the government, but as a matter of self interest to banks and bankers and as a benefit to all of us. The Treasury and the Federal Reserve Bank of Chicago appreciate the splendid help you have given the War Savings Bonds Program in the past, and I want to thank you for this cooperation which I know we will continue to receive.

Solving the Problems at Home

Travel is an outstanding educational force not utilized by many banking institutions. By travel I have no reference to faraway places. I mean to know your own community — to get acquainted with the business and agricultural groups in your trade area — to know your State better —to know the politicians who operate your state and national government better — to exchange ideas with other bankers at conventions of this character. I often hear bankers say they do not have time to attend conventions, as in their opinion they are more or less of a junket, but I believe bankers should find time to attend conventions like those held by the Iowa Bankers Association yearly, as they will be able to operate better banks when they return home, not only by attending these meetings but by listening to serious addresses and by exchanging ideas which will help them solve the problems at home.

Conclusion

While we are enjoying a well-earned period of unprecedented peacetime prosperity, we must not overlook the fact that present levels of business and employment do not necessarily have firm and enduring economic roots. Five years of defense preparations and war — financed overwhelmingly by additions to the public debt—in large measure have given us our present prosperous business conditions by building up our money supply, our demands for goods and services, and our financial resources for paying. A problem still remains to develop sufficient non-government economic strength to replace government expenditures, which were "the" dominant force supporting business during the war and which still continue to underlie a large, though falling, proportion of present employment, income, and general business activities. The "good times" which we are now experiencing give all of us an opportunity to plan for the time when customers will not be so anxious to buy anything offered, when all accounts are no longer paid promptly, and when competition in business takes on real meaning.

Joseph R. Miller in NYC

Joseph R. Miller has opened offices at 25 Broad Street, New York City, to engage in the securities business. He was previously with Francis I. du Pont & Co.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The downward trend in the government securities markets seems to have abated somewhat as prices have shown a tendency to rally slightly from their recent lows. . . . Volume has been somewhat larger, accounted for in part by the selling by holders of Victory Loan issues who were using the proceeds to take on stocks during the break in that market. . . . It is indicated that some of the temporary positions in the restricted 2¼s and 2½s were liquidated in order to get funds that were put to work in the shares market, because of the greater speculative appeal in the equity markets. . . . It is believed that a large number of the remaining speculative holders of government bonds were shaken out of that market in the past week. . . .

This should be very beneficial to the government market because weak holdings have been taken over by more permanent holders of these securities and this will do much to improve the technical position of the market. . . .

The liquidation of positions by individuals, which has been going on for some time, has had a depressing effect on the whole market, and in particular on the most recently issued ineligible obligations. . . .

"NEW ISSUE" CLARIFICATION AWAITED

The fact that this selling had to be done did not encourage purchases by investors, who figured that if they kept to the sidelines they would be able to purchase these issues at more favorable prices. . . . These opinions have turned out to be right because prices have continued to move down. . . .

Also the talk of a new issue of securities for non-bank investors resulted in prospective buyers adopting a waiting attitude, which means that very little buying will be done until there is clarification of the Treasury's position on new financing. . . .

It is quite generally believed that this situation will be rather fully discussed at the meetings to be held soon between Secretary of the Treasury Snyder and the savings banks, insurance companies and dealers. . . . If there is to be a new offering of securities this year, then non-bank investors will wait for the new obligation and will do very little buying until it comes along. . . . Also this means that the outstanding restricted bonds will complete their price adjustment to the new offering. . . . On the other hand, if there is no offering of securities this year, as many now seem to believe, then non-bank investors will be in the market, picking up the outstanding obligations. . . .

LONG RESTRICTEDS SEEN STABILIZED

The longest restricted bonds have had a sizable sell-off from their highs for the year, and at current prices seem to have only minor adjustments to make in order to bring them in line with a new offering, assuming that the new issue would be similar in most respects to the outstanding securities. . . . Also it is indicated that while some investors feel that the 2½s of Dec. 15, 1967/72 could go down to 101, or even 100½ with a new offering, they are not so sure that this will take place, because of the opinions held in some quarters that there will be a material difference between a new offering and the presently outstanding bonds. . . .

LIMITED ACTIVITY

The government securities markets were affected by the sharp break in the stock market and bids were pulled, with what business that did go on being done purely on an order basis. . . . Volume was not very heavy, which probably accounts for the decline being held to modest proportions. . . . Although it is still too soon to indicate what may be the repercussions from the recent heavy liquidation in the shares market, it is believed that these results will bear careful watching. . . . If the break in the equity market should be forecasting the end of the boom, it could have an important effect on the money markets and the policies of the monetary authorities. . . .

The trend of commodity prices, business activity, and inventories, will no doubt be carefully scrutinized by the powers that be, because these indicators will give the clues to the future course of economic conditions which could have a decided bearing on what will be done by the money managers. . . .

If maladjustments should develop, it is believed that action will will be taken to offset such conditions as soon as possible. . . .

COMMERCIAL BANKS ON SIDELINES

Considerable of the clamor for a change in the certificate rate seems to have abated now that some of the inflation psychology has been dissipated by the recent actions of the securities markets. . . . Bank credit has not been going into speculative channels and the decline in the shares market has taken considerable bank credit out of that market. . . . Also the liquidation of loans by brokers, dealers and individuals for carrying government securities is reducing bank loans, and releasing bank credit from this source. . . .

With such a trend there appears to be no need now to take action to counteract the speculative flow of credit. . . . Also the commercial banks so far this year have sharply reduced their buying of government bonds. . . .

SWITCHING IMMINENT

Although the bank eligibles have been making new lows it is believed that the commercial banks will have a definite interest in the 2¼s of 1956/59, when they become eligible in a few days. . . . It is indicated that shorter maturities of the 2s will be sold to make way for the 2¼s. . . . While this will result in some lengthening of maturities, the 2¼s of 1956/59 are within the 10-year maturity range, which is to the liking of the commercial banks. . . .

Also the yield is somewhat more favorable than that of the 2½s of 1956/58, and it is believed that some institutions will switch out of this bond and take on the 2¼% due 1956/59, and at the same time cut down the premium account. . . .

Non-bank investors will most likely welcome the opportunity to lighten their positions in the 2¼s of 1956/59, since they can increase income and decrease premium by purchasing the 2¼s of 1959/62. . . . The new bank eligible (the 2¼s of 1956/59) is an important addition to the list of bonds the commercial banks can buy, and this should improve the market action of this security. . . .

Caffrey Doubts Sabath's Charge of Short-Selling in Market Break

(Continued from page 1376)

stocks obtain the names of significant short sellers. Whether publicity will be given to such information will depend upon its nature. If we discover that violations of law have occurred, the Commission will take appropriate action, which may include the institution of criminal prosecution. In this event, of course, publicity would be given to the names of the persons involved.

As you are undoubtedly aware, the Securities Exchange Act of 1934 provides that all officers, directors, and 10% stockholders of registered companies must report to the Commission all purchases and sales made by them of the equity securities of such companies. These reports are made public and their contents are widely disseminated through the daily press. Moreover, Section 16 (c) of that statute provides that it is unlawful for any such persons to sell short the stocks of corporations which they so serve. On the basis of experience with past declines in the stock market, it is extremely unlikely that there has been any short selling by persons in the categories enumerated above. Certainly if such short sales have taken place, they will be few in number and not in sufficient volume to account for the sharp break in yesterday's market.

Please be assured that the Commission is at all times cognizant of its responsibilities to American investors, and for that reason it continually informs itself concerning the character of trading in securities. Such activity has enabled the Commission in the past not only to prosecute persons who have been guilty of manipulating the market for individual stocks, but has also led to the adoption of rules regulating the conduct of persons generally. Thus, on the basis of information obtained, the Commission in the past has promulgated rules covering such matters as short selling; and has influenced the stock exchanges to adopt rules of their own limiting the activities of specialists, floor traders, and others.

Permit me to recall to you that the Commission's short selling rule prohibits anyone from selling a registered security short except at a price which is above the last different sale price for the particular security. The effect of this rule is to impose minimum restrictions upon short sellers when our markets are rising, but to restrict severely their short sales during periods of decline. I feel sure that this rule in operation has greatly tempered market declines such as that which occurred yesterday and that short selling played no significant part therein.

JAMES J. CAFFREY,
Chairman

A Political Plot Is Seen

Pursuing his theme further, Mr. Sabath on September 8 charged that "professionals" and "big holders" are cooperating to unload and influence the coming elections. His statement to the press follows:

"In September, 1929 I demanded a thorough investigation of stock exchange manipulations, and urged the president of the stock exchange to restrain manipulators, insiders and professional traders from their vicious plan to break the market by short selling and thereby destroy the value of securities; subsequently I urged that the New York Stock Exchange be closed for three months.

"Unfortunately, nothing was done, and we know what followed.

"I fear that those professionals and some of the big holders who acquired their holdings at low prices are again cooperating to unload so that they can again accumulate the same shares at low figures.

"Manipulators and professional traders produce nothing constructive. Their actions are bound to hurt legitimate businesses. In spite of SEC regulations, many stockholders may lose everything, and may even be deprived of control in smaller companies where stock has been deposited as collateral.

Consequently I will insist that the Securities and Exchange Commission demand full compliance with the law. I appreciate the fact that the power and authority we have given SEC may not be such that the Commission can completely stop dangerous practices in the stock market; but they may at least arrest the decline and restrict the actions of the professionals.

"I can see no sound reason for this (Note: Last Tuesday's) break in the market. Civilian production is at an all time high, employment is at the highest peace-time figure in history, individual income payments are at a rate only slightly below the wartime peak and almost three times the annual national rate of the Hoover Administration in its flushest periods; and government and private agencies have reported nothing to indicate that stock quotations prior to Tuesday's sharp fall were out of line.

"There must, therefore, be a political motive behind the raid on the market against sound stocks with high sustained earnings and good prospects.

"The American people have a right to know who is now raiding the market, frightening the public, and their motives.

"The people have a right to know if the real reason is not alone to reap tremendous profits but also to affect the coming elections."

Aims Toward Germany Divergent

(Continued from page 1377)

cussions are following: They have refused to support proposed central German administrative agencies for industry, agriculture, trade, and communications. In the governmental structures committee, where the chairmanship rotates, the French chairman has refused to call any meetings; thus every fourth month nothing happens. Hence progress is delayed in assembling information on reasonable powers of a central government in such matters as police, education, income, and property taxes, as compared with local government's powers. The USSR, on the contrary, has supported most of the papers taken up in committees and has criticized French obstructionism. There is nothing specific that can be cited as proof that the Russians would not have taken the same position on these matters had the French been cooperative; yet there are those in OMGUS who feel that the USSR too has been dragging its feet. Thus USSR has never answered our invitation to their combining the Russian zone with the US-UK zones. Some who have been studying Russian tactics here conclude that Moscow has been holding off until it could get the Russian zone pretty well organized and that this stage has now about been reached. Accordingly the iron curtain is expected soon to be raised in Germany. The "Chronicle" is told that the economy and politics of the Russian zone have been pretty well reorganized now along lines fixed in Moscow. Basic industrial enterprises have been placed under effective Moscow control. Agriculture has been similarly revamped, banking has been transformed, and the entire economy has probably been fairly well oriented eastward. Moreover the Russians have without doubt gained firm control of the political setup through the leaders of the Socialist Unity Party, called "SED," and by intimidating leaders of other parties.

Now it is theorized here that the next stage is about to begin and in fact has begun. The "SED" leaders will go into the other three zones seeking their breakdown. The party line will be "no zones."

The American policy is for a federalized Germany with a minimum of centralization. The British want more centralization of Germany than we do. The French, as stated, want none at all. Now the theory goes Russia soon will seek to change the status quo with the aim of extending its influence and control westward. Russia is likely to ask a well developed foreign trade program for Germany and may offer to supply Germany with the goods it most wants, thus drawing toward itself the economy of the three western zones as well.

Actually what the United States is seeking to foster in Germany is the American brand of democracy, meaning self-government, but the Germans reportedly are so accustomed to being regimented and told what to do that they do not appreciate the American way of life. Perhaps they will feel that they cannot afford the luxury of federalization and will be attracted by expected concrete proposals from the east. This at least is the view of one well-placed American here. From our standpoint the outlook here certainly is not too happy.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Market now showing signs of approach to support levels. Leveling off will be first indication. Fear psychology now overdone even though artificial depression now ahead.

When the averages were about 195 last July, this column warned that the picnic was about over. It flatly advised liquidation even though it didn't hold out any hopes that the top eighth would be gotten. To emphasize the point, I even quoted that old Wall Street cliche, "A bear can make money; a bull can name money. A pig can't."

Subsequently the industrials climbed to about 204 (did it twice) and the advice to get out was repeated. If I had only been consisent I would have been quite a hero today. But like a lot of other people I was overcome by my own importance and re-entered the market at around 190. But all that is ancient history. Kicking it around won't get us anything but heart-burn. The question now before us is what goes from here on. In some places this question is superseded by the one which wants to know what brought the break about.

* * *

As to the answer to second one, my guess is as good as yours. I don't believe that the threatened war with Russia has anything to do with it. I don't think the current wave of strikes has anything to do with it either, though it has a long-term bearing that most people have overlooked. That strikes would occur, and will deepen, is no surprise. Months ago I warned that if the price structure was not held, demands for more wages would be inevitable. I now have the dubious satisfaction of saying I told you so.

* * *

But strikes in themselves are seldom bearish. It is what comes before the strikes that is reflected in the stock market. Stocks go up for a number of reasons, all funnelled down to anticipated bigger earnings. What the market is saying now is that bigger earnings are not immediately ahead. My guess is that the present wave of strikes will intensify when industry as a whole will refuse to pay higher wages. Some of these management-labor problems will be purposely brought to a head through various ways. The sum result will be mass shutdowns and increased unemployment. A plant that is shut down can't make money. An unemployed worker, whether voluntary or not, cannot buy goods. The result is a depression, which is what the market is saying is ahead for us. So much for the why. Now as to the when.

* * *

In the past week you have seen stocks break down to about 167. That is quite a break. A lot of it came from nervous buyers who were being lulled to sleep in the belief that outright holdings couldn't hurt them. On previous occasions I have exploded that theory. The recent action merely proves its fallacy. To get back to the when: If the theory that a deliberate depression is ahead holds up, we must also remember that markets seldom discount the same thing twice. In breaking from around 212 to about 167 the market has discounted a lot of grief. It is therefore quite probable that the current lows are beginning to mark the period where a leveling off process will be in the making.

* * *

Such a leveling off doesn't preclude the possibility of more reaction. A public that is frightened can't follow any logical process of reasoning. It will run. And as one group sells and its selling appears on the tape, another group seeing the tape action follows suit. And so it goes until the panicky public has been washed out. It can readily be seen that in a condition like the above low margins, high margins or outright holdings make little difference. Incidentally the rumor now current that margins will be reinstated leaves me cold. I pointed out above that margins don't make or break markets. It's hopes and fears that do that.

* * *

My considered advice now is that if you've held stocks down to here this is no time to sell. If you bought them outright in the belief that come what may (oh, yeah!) you won't sell, now is the time to show it. A rally of some kind is indicated from somewhere around present levels, maybe three to five points more down before up. But in any case the prices you'll get for some of your stocks will be better than you can get by following the mob at this point.

More next Thursday.

—Walter Whyte

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

By Air to Germany

(Continued from page 1377)

you will not be in such good shape to start work when you arrive in Europe.

When you travel by air you are not encumbered with your luggage. You can check that. But you cannot check your lap! That stays right with you. The seat you take at LaGuardia Field is your home for the journey. There is no chance to change it aloft. The plane is sold out. You can't get up and take a walk. There is no "lounge" to which you can retire. You just stay there and keep your knees bent. In this respect trans-Atlantic travel by seaplane a year ago was much more comfortable, because in the planes of the late American Export Airlines everyone had a berth and could get undressed at night and stretch out. But the payload was smaller, so present land planes have no berths.

Another change since last year is the presence of a large proportion of Army families among the passengers. In my plane one-fourth of the 32 passengers were small children or infants.

Arrival in Frankfurt

The approach to Frankfurt by Army bus is similar to that to other German cities. There is the war-battered airfield and terminal, the autobahn with its GI guards and traffic signs mainly in English, the wrecked city itself and a miraculously-spared hotel which the Army has requisitioned for the press. Mine is a very nice room, although you cannot lock the door because someone "took the key to America." A few feet outside the window is another building, but it is not necessary to draw your blinds when you turn in, since that building, like all others adjoining the hotel, is "kaput"—an empty shell in a battered city. Somehow, although hardly by design, the great office building of IG Farben here survived the war intact and is now the headquarters of USFET, (United States Forces European Theatre). It is an ideal building for the purpose to which it is now being put.

Overwhelming Physical Ruin

The visitor's first impression of Germany's physical ruin is overwhelming, although after a while one gets used to ruins and, whether seen in Bremen or Hamburg, Frankfurt or Stuttgart, they present the same appearance and one loses interest in detail. The inhabitants plod about on their business and they seem to have some business, or else toy with salvaging a little something from the ruins—a stove or some bricks or sticks—but they are a dispirited people, at least the grownups. Children smile and play. But what a prospect they face!

Here in Frankfurt, where ever so long ago Meyer Ansel founded the "House of Rothschild," one sees today on the streets no Jewish face or feature. The House of Rothschild is gone, and so, too, now, the "House of Hitler."

Hitler's Private Train

I went early yesterday to Frankfurt's South Station to catch a special train to Stuttgart. Standing in the station was a train of sleeping cars—obviously de luxe even in prewar Germany. It had special lounge cars, through the wide windows of which one could see comfortable armchairs. Through another car's windows one could see the doors of private bedrooms marked with small cards labelled: Senator Vandenberg, Mrs. Vandenberg, Mrs. Clay, etc. This was once Hitler's private train. Now it is that of General McNarney, and it had paused in Frankfurt en route from Berlin to Stuttgart while carrying Secretary Byrnes' party thither. The General slept in Hitler's bed, and doubtless quite comfortably!

Byrnes' Visit to Stuttgart

Secretary Byrnes' visit to Stuttgart was an historic point in the turbulent course of postwar history in Germany. His message was directed at once to the Germans, the Russians and the French—as well as to the American Army officials and their wives who came from various parts of Germany to hear the policy laid down in person. As the train drew into the remnants of Stuttgart's main railroad station, an impressive detachment of American constabulary awaited without. GIs guarded every few yards of the distance from the train to the awaiting cars.

When Mr. Byrnes spoke at the Wuertemberg State Theatre in Stuttgart alterted tanks, their machine guns manned, awaited without. As if for fear that discipline might not be all that it should, the trees the the park before the theatre and other parts of central Stuttgart were hung with signs reading: BE ALERT—SALUTE. The word "salute" was printed in red.

According to the Public Relations Service of the Office of Military Government, the Wurtemberg State Theatre is something special. It was built in 1909-12 with all the most modern equipment. "It is meant for drama," states the release. It possesses "all technical novelties as cyclorama, trap, movable platforms, signalling apparatus," and the like. "There are several masks . . . on the front of the building." Doubtless Mr. Byrnes took all this into consideration when he selected this as the locale of his important policy clarification. And so his name now goes down with those of a long list of famous and infamous "conductors . . . guest performers . . . other artists" and Nazis who have played their role on this stage.

Byrnes Versus Hitler

The ceremony was quite simple, typically democratic. On the stage, which was decorated with some evergreen branches and flowers, sat in a row Messrs. Byrnes, Murphy, Vandenberg, Connally and General McNarney. The General introduced the Secretary of State, who read his speech into a cluster of microphones of a type unfamiliar in the United States. One thought: These same microphones doubtless carried to Germany and the world the Nazi tirades which plunged the world into carnage. And the chaos those rantings released still goes on and on. Now there was being uttered to the world in calm but determined tones the policy of the American government toward the continent of Europe, simply and without fanfare; words which would affect the lives of all within hearing around the globe.

But yes, there was just a little fanfare. Seated where famous German conductors once performed, the 114th AGF Constabulary Band played first and appropriately Belsterlin's **Men of Steel**, and then not quite so appropriately, in the light of the content of the Secretary's' speech, **In a Monastery Garden.** But any musical **faux pas** was rectified by the playing of the **Stars and Stripes** and the **Star Spangled Banner.**

Stuttgart provides a good case history of what Hitler's policies did for Germany. A city of 458,000 in 1939 when it still had all its homes and factories, it was reduced to 339,000 in March, 1946. Now, despite all the destruction by Allied air raids, its population has increased again to 363,000 (April).

The city suffered 52 air raids. Out of 73,000 industrial buildings standing in 1939, 23,000 must be entirely rebuilt. I took a jeep ride to see what remains of the buildings which housed the famous Bosch works in Stuttgart. What I was shown was a heap of rubble. This is the company whose American subsidiary some Army investigators firmly believe Swedish interests acquired during the war as a front for the Nazis. The full story of what the Army found out about that transaction has never been told in print.

Out of 150,000 apartments which existed in Stuttgart before the war, half were destroyed. Only 3,000 were undamaged.

Great Damage to Stuttgart

German sources estimate the building damage to Stuttgart proper, excluding postal and railroad facilities, at 12,410,000,000 reichsmarks. How much it cost America and its allies to destroy this German industrial workshop, how many brave fliers gave their lives or suffered wounds or mistreatment as prisoners so that Mr. Byrnes might be able to speak from the State theatre, no one can tell. Perhaps Stuttgart will once again go back to the manufacture of Daimler-Benz cars, to printing and publishing, the making of optical instruments, electrical appliances, textiles, furniture, footwear and building supplies.

OMG officials estimate that the Robert Bosch Co. in some of its Stuttgart plants is again at work at the rate of 20% of normal capacity. Altogether, there are now in operation in Stuttgart some 627 establishments, each employing more than 5 persons. The electrotechnical industry is working at 24% of prewar capacity; the motor car industry at 13.5%, mostly reparations; the machine building industry at 18.5%; the textile industry at 13.7%; printing at 37%; and the building industry at 7.5%. The average for Stuttgart industry is placed by OMG at 17.5%.

This is the situation in the Amerizan Zone, nearly a year and a half after **"Deutschland uber alles"** became replaced by **Deutschland unter Allies.**

Chiselling

As I drove back to the Graf Zeppelin Hotel to attend Mr. Byrnes' informal reception for correspondents, I found the streets a block away closed off by American constabulary. My jeep driver, a German civilian, was told he could go no nearer. But, instead of letting me off there he made a U-shaped detour of a block slipped through an alley, and deposited me at the hotel entrance. "There's always a way around, if you know how," he remarked to me in German. I wondered about this. I am still wondering.

New York Stock Exchange Weekly Firm Changes

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

Clarence A. Millner retired from partnership in Bond, McEnany & Co., New York City, on Aug. 31.

Anthony L. Godie, William R. Mee, and Walter F. Norris withdrew from partnership in Cruttenden & Co., Chicago, on Aug. 31.

Interest of the late M. Livingston Delafield in Delafield & Delafield, New York City, ceased on August 31.

Myers With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, OHIO—Harry W. Myers is now affiliated with Merrill Lynch, Pierce, Fenner & Beane, 216 Superior Avenue. He was formerly with Paul H. Davis & Co.

Observations

(Continued from page 1377)

flation" on Washington, must be seen as wholly unfair. For it wholly disregards the course of prices over the long-term past. If the New-Dealishness of the Administration is responsible for the current decline of the Dow-Jones average from 212 to 172; then it is only fair and logical to give the same "opprobrious government" the "credit" for the preceding long and extended bull rise enduring from 1942 to 1946, which raised the average from 92 to 212, and to hand it the palm for the present "net bull residue" of 60%. The speculative public has had 14 years—not merely a few months—to familiarize itself with the Administration.

On the other side of the political fence the recent outbursts of Representative Sabath—"Democratic spokesman"—are more absurd and self-interested. "I can see no sound reason for this break in the market," pronounces this learned economist-Democrat; "there must be a political motive behind the raid on the market against sound stocks with high sustained earnings and good prospects. The American people have a right to know who is now raiding the market, frightening the public, and their motives. The people have a right to know if the real reason is not alone to reap tremendous profits but also to affect the coming elections."

The first fallacy therein lies in the "raiding" concept, with Mr. Sabath's accompanying diatribes against the nefarious, if not criminal, short-seller—the traditional scapegoat. For it is evident, as it must be to the good congressman, that for these many years the Stock Exchange rule forbidding short sales except at advancing quotations, has made it impossible for "the wicked insiders" to "raid" or otherwise knock down the market. And as to the likelihood of corporation officers, directors, or other such controlling persons selling their own stocks short—for any conceivable reason—this is definitely and strictly forbidden by law. In addition to these hard-and-fast legal preventives against "raiding," there is the additional discouragement furnished by the federal income tax regulation, which bars profit derived from short-sales from the favored treatment given to capital gains, and makes such profits taxable at the full short-term income rates. Confirming these discouragements to the short-seller are the official figures showing the negligible short position on the New York Stock Exchange. This total short position, at only about 700,000 shares, is one-half of the figure of a year ago and one-eighth of the total in the 1931 bear market.

If Mr. Sabath's contention that the recent peak of stock prices was justified by "economic" conditions and only upset by nefarious political "raiders" is correct, then it must be pointed out that the market was also "raided" by the Democratic Administration—last Jan. 17 when its SEC and Federal Reserve Board eliminated margins "to dampen speculative activities . . . and as a preventive step of strong inflationary pressures." And this **official inflationary analysis of the market was made, in the face of high national income, etc., when prices were a full 10% below their recent peak!**

Can it possibly be that the former apprehensions of the Administration's technicians were warranted; and hence that we now are merely experiencing nothing more mysterious than a natural overdue correction of an inflationary excess?

* * *

An Inflationary Kickback

Paradoxically, an extended bear market would entail at least one *inflationary* repercussion, as far as the Federal Treasury is concerned. The resulting curtailment of opportunities for taking capital gains, in presumably reducing income tax receipts, will necessitate a corresponding amount of inflationary Treasury borrowing.

Blyth, First Boston Offer Cinn. G. & E. Com.

Blyth & Co., Inc. and The First Boston Corporation headed a nationwide underwriting group comprising more than 200 investment firms which offered to the public Sept. 11 1,447,525 shares of common stock of The Cincinnati Gas & Electric Co. The shares are priced at $26 per share. The offering is in conjunction with Columbia Gas & Electric Corp.'s divestment of its holdings of all of the issued and outstanding common stock of the Cincinnati Gas & Electric Co. (2,040,000 shares) as part of Columbia's program of compliance with the Public Utility Holding Company Act of 1935.

The offering by the underwriters represents that part of the total issue remaining after expiration of subscription rights previously issued by Columbia Gas & Electric to its own common stockholders under which Coulmbia common stockholders were invited to subscribe for 2,038,312⅓ shares of Cincinnati Gas & Electric common stock at $26 per share at the rate of one share for each six shares of Columbia common stock held.

Capitalization of The Cincinnati company consists of $45,500,000 of funded debt; 270,000 shares of 4% preferred stock, par $100, and the 2,040,000 shares of common stock. The company's corporate history covers more than 100 years, having been incorporated originally by an act of the General Assembly of Ohio on April 3, 1837 under the name of The Cincinnati Gas-Light & Coke Co. The company adopted its present name in 1901. Its present operations include the production, transmission and sale of electric energy and the distribution and sale of natural and manufactured gas. The territory served covers, in nine counties in Ohio, 1,934 square miles with a population of approxmiately 800,000. The cities of Cincinnati and Hamilton are among the principal municipalities served.

A pro forma earnings statement for the five months ended May 31, 1946, shows that the company had total gross revenues of $16,502,896 and net income of $2,466,946. For the twelve months ended May 31, 1946, gross revenues were $36,688,533 and net income $4,413,658.

According to the prospectus, the company has paid dividends in varying amounts on the common stock without interruption in every year since 1853. The management contemplates the payment of quarterly dividends on the 2,040,000 shares of common stock now outstanding at the rate of 35 cents per share for each of the two quarterly payments to be made November 15, 1946, and February 15, 1947.

Maurice Meyer Director

Maurice Meyer, Jr., of Hirsch & Co., has been elected a Director of Havana Lithographing Co., it is announced.

Fahnestock Adds Trigg

HARTFORD, CONN.—Vincent P. Trigg has become associated with Fahnestock & Co., 75 Pearl Street. He was formerly with Earl E. Bond, Inc. and Tifft Bros.

Securities Now in Registration

● INDICATES ADDITIONS SINCE PREVIOUS ISSUE

Acme Electric Corp., Cuba, N. Y.
June 26 filed 132,740 shares ($1 par) common stock. **Underwriters**—Herrick, Waddell & Co., Inc., and First Colony Corp. **Offering**—To be offered publicly at $5 a share. **Proceeds**—Company will receive proceeds from the sale of 68,880 shares and four selling stockholders the proceeds from the sale of 63,860 shares. Company also will receive proceeds from the sale of 20,000 warrants for common stock to underwriters at an aggregate price of $200. Of the net proceeds ($292,940) $50,000 will be used to pay current bank loans; about $20,000 will be used for machinery and equipment, and the remainder for working capital.

Acme-Hamilton Mfg. Corp., Trenton, N. J.
Aug. 29 filed 50,000 shares 5% cumulative preferred stock ($20 par) and 82,000 shares ($1 par) common stock. **Underwriters**—G. L. Ohrstrom & Co. and S. R. Livingstone & Co. **Offering**—Company is offering the 50,000 shares of preferred, while the 82,000 shares of common are being sold for the account of certain stockholders. **Prices**—$20 a share for the preferred, and $11.50 a share for the common. **Proceeds**—Company will apply proceeds to fully discharge secured demand notes, mortgage notes and partial discharge of debenture indebtedness.

Adirondack Foundries & Steel, Inc., Watervliet, N. Y.
August 19 (letter of notification) 5,745 shares of common stock (no par). Shares are being offered by the company to stockholders of record Sept. 5 at $10 per share, in ratio of one new share for each share held. Rights expire Sept. 30. Proceeds for expansion of buildings and facilities.

Aerovox Corp., Bedford, Mass.
Aug. 22 filed $1,500,000 of 5% sinking fund debentures, due 1961, and 50,000 shares ($1 par) common stock. **Underwriter**—Ames, Emerich & Co., Inc., and Dempsey & Co., Chicago. **Offering**—The debentures will be offered publicly. The common shares will be issuable upon the exercise of stock purchase warrants for purchase of common stock at $2 a share above the bid price of such common on the effective date of the registration. Company will sell warrants for 25,000 common shares to the underwriters at 10 cents a warrant. The remaining warrants will be sold to officers and employees of the company. **Price**—Debentures at 100. **Proceeds**—Company will use $1,025,000 of proceeds of debs. for payment of an indebtedness to Bankers Trust Co., New York. Balance, estimated at $373,680, will be added to working capital.

Air Cargo Transport Corp., New York
June 19 filed 400,000 shares ($1 par) common stock. **Underwriters**—None. Price $3 per share. **Proceeds**—Of the proceeds company will use $60,000 to repay a bank loan, about $500,000 for new equipment and $250,000 for ground installations at various points in the United States.

Air Express Internat'l Agency, Inc., New York
July 22 filed 125,000 shares of 50-cent par common. **Underwriters**—Newburger & Hano; Kobbe, Gearhart & Co., and Burnham & Co., all of New York. **Offering**—The shares will be offered publicly at $6 a share. **Proceeds**—Estimated net proceeds of $656,250 will be added to general funds.

Airline Foods Corp. of New York (9/16-20)
July 26 filed $1,700,000 of 5% sinking fund debentures, due 1962, and 120,000 shares of 5½% cum. conv. preferred stock ($25). **Underwriting**—Herrick, Waddell & Co., Inc. **Price**—Debentures 99, preferred stock, $25 a share. **Proceeds**—To purchase on or before Sept 17 all issued and outstanding capital stocks of David G. Evans Coffee Co.; Empire Biscuit Co.; San Jose Packing Co.; and James A. Harper Supply Co., and for working capital.

Algonquin Publishing Co., Inc., New York
Aug. 28 (letter of notification) 10,000 shares of 5% cumulative convertible preferred and 25,000 shares of common, of which 10,000 share are reserved for conversion privilege. Only preferred being offered. No underwriters. **Offering**—Price $10 a share. Proceeds for purchasing plates, dies, authors' royalties, publishing rights, etc.

Allis-Chalmers Manufacturing Co. (9/16)
July 26 filed 359,373 shares ($100 par) cumulative convertible preferred. **Underwriter**—Blyth & Co., Inc. Stock is being offered for subscription to common stockholders of record Aug. 26 at the rate of one preferred share for each seven common shares held. Rights expire Sept. 12. Unsubscribed shares will be sold publicly by underwriters. **Proceeds**—For plant expansion and to increase working capital.

All Metal Products Co., Wyandotte, Mich.
Aug. 14 (letter of notification) 13,000 shares of class B common on behalf of Mary E. Reberdy. Offering price, $5.50 a share. **Underwriter**—Andrew C. Reid & Co., Detroit, Mich. **Proceeds**—To go to the selling stockholder.

American Brake Shoe Co., New York
Aug. 16 filed 199,101 shares (no par) common. **Underwriting**—No underwriting. **Offering**—Shares are offered for subscription to common stockholders of record Sept. 13 in the ratio of one additional share for each four shares held at $35 per share. Rights expire Oct. 21. Unsubscribed shares will be sold to other persons including officers and employees. Price, $35 a share. **Proceeds**—Net proceeds, estimated at $6,915,285, will be used to defray part of the cost of its plant expansion and improvement program.

American Broadcasting Co., Inc., N. Y.
June 27 filed 950,000 shares ($1 par) common stock. **Underwriter**—Dillon, Read & Co. Inc., New York. **Offering**—A maximum of 100,000 shares may be sold by company to persons, firms, or corporations with whom the corporation had network affiliation agreements on March 31. The remainder will be offered publicly. Price by amendment. **Proceeds**—To prepay notes payable to acquire radio station WXYZ, to construct broadcast transmitter for station KGO at San Francisco and for working capital.

American Cladmetals Co., of Pittsburgh
July 8 filed 196,500 units comprising 196,500 shares of voting common stock ($1 par) and 589,500 shares of non-voting common stock ($1 par), each unit consisting of 1 share of voting common and 3 shares of non-voting common. **Underwriters**—None—the company intends to distribute its common stock directly to the public. **Offering**—Price $6 per unit. **Proceeds**—Net proceeds estimated at $1,179,000 will be used to pay a mortgage on plant, pay accounts payable, purchase equipment, for building alterations and working capital.

American Colortype Co., Clifton, N. J.
Aug. 12 filed 30,00 shares ($100 par) cumulative preferred stock. **Underwriters**—To be supplied by amendment. Price by amendment. **Proceeds**—Net proceeds initially will be added to general funds, however, the company anticipates it will use the funds for its building and expansion program.

American Fabricators, Inc., Louisville, Ky.
Aug. 5 (letter of notification) $100,000 of 15-year convertible debentures, due 1961. **Offering**—Price $1,000 a unit. No underwriting. For additional working capital.

American Frozen Food Lockers, Inc., White Plains, N. Y.
Aug. 22 (letter of notification) 5,000 shares of 6% convertible preferred stock ($10 par) and 70,000 shares ($1 par) common. No underwriters. **Offering**—Prices $10 a share for preferred and $2 a share for common. Proceeds to pay off notes and loans, and for working capital and inventories.

American Locomotive Co., New York
July 18 filed 100,000 shares each of $100 par prior preferred stock and $100 par convertible second preferred stock. **Underwriting**—Union Securities Corp., New York. Price by amendment. **Proceeds**—Net proceeds, with other funds, will be used to redeem $20,000,000 of 7% cumulative preferred stock at $115 a share plus accrued dividends. Indefinitely postponed.

American Metal Finishing Co., Grand Rapids, Mich.
Aug. 26 (letter of notification) 42,000 shares ($1 par) common stock (restricted). No underwriter. 39,300 shares to be sold for cash at $1 a share; 2,700 shares to be issued to pay for services rendered prior to incorporation. Proceeds for working capital.

American Paper Goods Co., Kensington, Conn.
Aug. 27 (letter of notification) 6,000 shares ($25 par) common. Underwriter, none. **Price**—$48 a share. Proceeds for working capital and payment of bank indebtedness.

American Time Corp., Springfield, Mass. (9/12-13)
August 19 (letter of notification) 60,000 share (1¢ par) common. Offering price, $2 a share. **Underwriters** — Gearhart & Co., Inc., New York. For additional inventory, manufacturing facilities and machinery and tooling.

American Water Works Co., Inc., N. Y.
March 30 filed 2,343,105 shares of common (par $5) plus an additional number determinable only after the results of competitive bidding are known. **Underwriters**—To be filed by amendment. Probable bidders include Dillon, Read & Co. Inc., White Weld & Co., and Shields & Co. (jointly), and W. C. Langley & Co. and The First Boston Corp. (Jointly). **Offering**—Price to public by amendment. **Purpose**—The common stock, together with $15,000,000 10-year 3% collateral trust bonds (to be sold privately) are to be issued to acquire certain assets of American Water Works & Electric, liquidate two subsidiaries, Community Water Service Co. and Ohio Cities Water Corp., and provide cash working capital. Common stock is to be offered initially for cash to common stockholders of parent and to public holders of preferred stocks of Community and Ohio in exchange for their shares. Stock not subscribed or issued under exchange offers are to be sold for cash to underwriters. For details see issue of April 4.

American Wine Co., St. Louis, Mo.
July 24 filed 120,000 shares ($1 par) common. **Underwriters**—None. **Offering**—Shares being registered are held by Louis E. Golan, President of company, who acquired them last June 5 upon the surrender for cancellation of $432,000 of notes of the company. About 60,184 shares will be offered to stockholders of the company, including remaining shareholders of Cook's Imperial Wine Co., at $3.60 each and at the rate of 12 new shares for each 26 held. The remaining 59,816 shares will be retained by Golan. **Proceeds**—Proceeds to go to the selling stockholder.

● **American Zinc, Lead & Smelting Co., St. Louis**
Sept. 6 filed 336,550 shares common stock (par $1). **Underwriting**—No underwriting. **Offering**—Stock will be offered for subscription to common stockholders of record on Nov. 1 in the ratio of one additional share for each two shares held. The subscription offer will expire on Nov. 21. Unsubscribed shares will be offered for subscription to officers and directors of the company. **Price** — By amendment. **Proceeds** — Working capital which may be used for expansion of smelting operations, including purchase of facilities at Fairmont City, Ill., and Monsanto, Ill., and expansion of mining in Tennessee and Colorado.

Ansley Radio Corp., Trenton, N. J.
Aug. 29 filed 70,000 shares of Class A cumulative convertible preferred stock ($5 par) and 120,000 shares of common (50c par). **Underwriter**—Amos Treat & Co. **Offering**—To the public in units of one share of preferred and one share of common. **Prices**—$6 a share for preferred and $1 a share for common. **Proceeds**—To retire bank loans of approximately $100,000, to purchase wood-working machinery and for working capital.

Arkansas Western Gas Co.
June 5 filed 33,639 shares of common stock (par $5). **Underwriters**—Rauscher, Pierce & Co. Inc., and E. H. Rollins & Sons Inc. **Offering**—Stock will be offered to the public. Price by amendment. Shares are being sold by six stockholders.

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Arkansas Western Gas Co. (9/19-20)

Aug. 12 filed 93,430 shares ($5 par) common stock. **Underwriter**—E. H. Rollins & Sons, Inc., New York. **Offering**—Company is offering the stock for subscription to common stockholders of record Sept. 5 at $10 a share in the ratio of 3 shares for each 4 shares held. Rights expire at 11 a.m. CST Sept. 18. Unsubscribed shares will be sold to underwriters. **Proceeds**—At same time of common stock offering, company intends to sell to institutions $1,500,000 first mortgage sinking fund bonds, 3% series, due 1966. Funds from the sale of the bonds and common stock will be used to retire $840,000 3¾% bonds and $210,000 serial promissory note. It will also deposit $600,000 with the trustee under the indenture securing the first mortgage bonds. Remaining proceeds will be added to general funds.

Armour and Co., Chicago

July 12 filed 350,000 shares (no par) cumulative first preference stock, Series A; 300,000 shares of convertible second preference stock, Series A, and 1,355,240 shares common stock (par $5). **Underwriter**—Kuhn, Loeb & Co., New York. **Offering**—The 350,000 shares of first preference stock will be offered in exchange to holders of its 532,996 shares of $6 cumulative convertible prior preferred stock at the rate of 1.4 shares of first preference stock for each share of $6 prior preferred. Shares of first preference not issued in exchange will be sold to underwriters. The 300,000 shares of second preference stock will be offered publicly. The 1,355,240 shares of common will be offered for subscription to common stockholders of the company in the ratio of one-third of a new share for each common share held. Unsubscribed shares of common will be purchased by the underwriters. **Price**—Public offering prices by amendment. **Proceeds**—Net proceeds will be used to retire all unexchanged shares of $6 prior stock and to redeem its outstanding 7% preferred stock. Temporarily postponed.

Artloom Corp., Philadelphia

August 16 filed 151,367 shares (no par) common. **Underwriters**—No underwriting. **Offering**—Of the total, 148,633 shares will be offered for subscription to common stockholders in ratio of one share for each two shares held. The remaining 2,734 shares and any shares not subscribed for by common stockholders will be offered to employees of company. **Price**—$10 a share. **Proceeds**—The company estimates it will use $300,000 of the proceeds to purchase additional space and equipment, and $350,000 for manufacturing facilities. The balance will be added to working capital. Issue postponed indefinitely.

● **Barker Dome Oil & Gas Co., Dallas, Texas**

Sept. 6 (letter of notification) 268,575 shares of $1 par common, of which 90,000 shares are owned by Southern Union Gas Co. Offering, common stockholders of Southern Union Gas will be offered the right to purchase the Barker Dome common at $1.10 a share in the ratio of one share of Barker Dome common for each four shares of Southern Union common held. No underwriting. For general business purposes.

● **Black-Clawson Co., Hamilton, Ohio**

Sept. 5 (letter of notification) 10,000 shares of no par common. Offering, to employees at $12.50 a share. No underwriting. No special provision made for use of net proceeds.

Black, Sivalls & Bryson, Inc., Kansas City, Mo.

July 29 filed 20,000 shares of 4.25% cumulative preferred stock, ($100 par) and 100,000 shares ($1 par) common stock. **Underwriters**—F. S. Yantis & Co., Inc., and H. M. Byllesby and Co. **Offering**—Shares are issued and outstanding and were purchased from the company by the underwriters at $96.50 a share for the preferred and $10.70 a share for the common. They will be offered to the public by the underwriters. Price, $100 a share for the preferred and $12.50 a share for the common.

● **Blumenthal (Sidney) & Co. Inc., New York**

Aug. 30 filed 119,706 shares (no par) common and subscription warrants relating to 30,000 shares thereof. **Underwriting**—None. **Offering**—Stock will be offered for subscription to common stockholders at $10 a share on basis of one share for each two shares held. Any unsubscribed shares will not be reoffered. **Proceeds**—For reimbursement of company's treasury for funds expended in redemption of 3,907 shares of 7% cumulative preferred on April 1, and for funds deposited in trust for redemption on Oct. 1 of remaining preferred shares.

● **Boston Stores of Chicago, Inc.**

Sept. 10 filed 30,000 shares ($50 par) 5% cumulative preferred and 500,000 shares ($1 par) common. **Underwriters**—Paul H. Davis & Co. and Stroud & Co., Inc. **Offering**—Preferred will have non-detachable stock purchase warrants for purchase of 30,000 shares of common stock of the total common, 375,000 shares will be offered for sale for cash. 30,000 shares are reserved for issuance upon exercise of warrants attached to preferred and 95,000 shares are reserved for issuance upon exercise of outstanding warrants. **Price**—By amendment. **Proceeds**—Net proceeds, together with other funds, will be used to pay the company's 2% subordinated note in the principal amount of $5,268,750 and accrued interest. **Business**—General department store.

Briggs & Stratton Corp., Milwaukee

Aug. 9 filed 76,000 shares (no par) capital stock. **Underwriters**—A. G. Becker & Co., Inc., Chicago. Price by amendment. **Proceeds**—Shares are being sold by stockholders.

Brooklyn (N. Y.) Union Gas Co.

May 3 filed 70,000 shares of cumulative preferred stock ($100 par). **Underwriters**—To be filed by amendment. **Bids Rejected**—Company July 23 rejected two bids received for the stock. Blyth & Co., Inc., and F. S. Moseley & Co. and associates submitted a bid of 100.06 for a 4.30% dividend. Harriman Ripley & Co. and Mellon Securities Corp. bid 100.779 for a 4.40% dividend. Indefinitely postponed.

Brown & Bigelow, St. Paul

July 19 filed 35,000 shares of 4½% ($100 par) cumulative preferred stock and 427,558 shares ($1 par) common stock. **Underwriters**—Reynolds & Co., New York. **Offering**—19,079 preferred shares will be offered to 6% preferred stock on a share for share exchange basis. Shares not issued in exchange plus 15,921 additional will be offered to the public. Of the total common, the company is selling 67,500 shares to underwriters for public offering and 55,177 shares are to be offered in exchange for outstanding capital stock of Consolidated Printing Ink Co., Quality Park Box Co., Inc., and John Beissel Co., which will become subsidiaries. In addition, stockholders of the company are selling 322,521 shares to the underwriters for public offering. **Price**—Preferred $103.50 a share; common $26.50 a share. **Proceeds**—Net proceeds to the company will be used to redeem unexchanged shares of 6% preferred at 110% and for increasing general corporate funds.

● **Cabs, Inc., Los Angeles, Calif.**

Sept. 3 (letter of notification) 2,500 shares ($100 par) 4% cumulative preferred. Offering price, $100 a share. No underwriting. It is contemplated that all of the shares will be taken by officers, directors and their associates. For commencing taxi cab business in Los Angeles.

● **Cabs, Inc., Los Angeles, Calif.**

Sept. 3 (letter of notification) 1,000 shares ($1 par) common. Offering price, $1 a share. No underwriting. The shares are being offered by closed permit to named purchasers. For payment of filing fees and other expenses in applying for taxi cab franchise in Los Angeles.

California Oregon Power Co.

May 24 filed 312,000 shares of common stock (no par). Stock will be sold through competitive bidding. **Underwriters**—Names by amendment. Probable bidders include Blyth & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. **Offering**—Stock is being sold by Standard Gas and Electric Co., parent, of California. **Bids Rejected**—Standard Gas & Electric Co. rejected June 25 two bids for the purchase of the stock as unsatisfactory. Blyth & Co., Inc., and First Boston Corp. bid of $28.33 a share, and Harriman Ripley & Co. bid of $24.031 a share. Stock will again be put up for sale when market conditions improve.

Camfield Mfg. Co., Grand Haven, Mich. (9/16-20)

July 29 filed 220,000 shares ($1 par) common stock. **Underwriters**—Gearhart & Co., Inc. **Offering**—Of the shares registered, 100,000 are issued and outstanding and will be sold to the underwriters by three stockholders at $4.50 a share for their own account. The remaining 120,000 shares are being offered by the company. Price $4.50 a share. **Proceeds**—Company's share to pay renegotiation refund in amount of $180,000 to the U. S. Government, and for additional working capital.

Canadian Admiral Corp. Ltd., Toronto

July 8 filed 150,000 shares ($1 par) common stock. **Underwriter**—Dempsey & Co. **Offering**—Stock initially will be offered to common stockholders of Admiral Corp. at $3 a share. **Proceeds**—$75,000 is earmarked for purchase of machinery and equipment, and tools, jigs, dies and fixtures; balance will be available for corporate purposes.

Candego Mines, Ltd., Montreal, Canada

May 31 filed 500,000 shares of common stock (par $1). **Underwriters**—Sabiston-Hughes, Ltd., Toronto. **Offering**—Shares will be offered to public at 75 cents a share. **Proceeds**—Net proceeds, estimated at $300,000, will be used for mining operations. **Business**—Exploring for ore.

Carscor Porcupine Gold Mines, Ltd., of Toronto, Ontario

June 24 filed 400,000 shares of common stock. **Underwriter**—Registrant will supply name of an American underwriter by post-effective amendment. **Offering**—To the public at $1 a share in Canadian funds. **Proceeds**—For a variety of purposes in connection with exploration, sinking of shafts, diamond drilling and working capital.

Central Electric & Gas Co., Sioux Falls, S. D.

May 29 filed 35,000 shares of $2 cumulative preferred stock, series A (no par), but with a stated value of $50 a share, and 175,000 shares of common stock (par $1). **Underwriter**—Paine, Webber, Jackson & Curtis, Chicago. **Offering**—The stocks will be offered to the public at prices to be supplied by amendment. **Proceeds**—To pay off $3,000,000 loan from First National Bank Chicago and Harris Trust and Savings Bank, Chicago, balance working capital.

Central Illinois Public Service Co., Springfield, Ill.

Aug. 14 filed 150,000 shares ($100 par) cumulative preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders include Dillon, Read & Co., Inc.; Smith, Barney & Co., White, Weld & Co.; Glore, Forgan & Co.; Lehman Brothers and Lazard, Freres & Co. (jointly). **Offering**—New preferred stock will be offered on a share for share exchange basis to holders of its old preferred stock other than the Middle West Corp. which holds 38,564 shares of such stock. If more than 150,000 shares of old preferred stock are deposited for exchange the number of shares to be exchanged will be pro rated. Shares of new preferred not issued in exchange will be sold to underwriters. **Proceeds**—Net proceeds from sale of shares not issued in exchange will be used to redeem old preferred at $110 a share and accrued dividends.

Central & South West Utilities Co.

Aug. 30 filed its ($5 par) capital stock. Company's name is to be changed by post effective amendment to Central & South West Corp. (Del.) Prospectus will be issued in connection with the public invitation for sealed bids for the purchase of a sufficient number of such shares as same will be constituted upon consummation of a proposed merger into the issuer of American Public Service Co., to provide funds for retiring the preference shares of the issuer and American Public Service Co., not exchanged for shares of the merged corporation. Underwriters by amendment. Possible bidders: Glore, Forgan & Co.; Lehman Brothers-Lazard Freres & Co. (jointly); Smith, Barney & Co.-Harriman, Ripley & Co. (jointly); Blyth & Co., Inc., Stone & Webster Securities Corp. and First Boston Corp. (jointly). Price by amendment. **Business**—Public utility holding company.

Central Soya Co., Inc., Fort Wayne, Ind. (9/18-19)

August 21 filed $4,000,000 3% sinking fund debentures. Due 1966, and 90,000 shares (no par) common. **Underwriters** — Glore Forgan & Co., Chicago. **Offering** — Debentures will be offered publicly. Common shares initially will be offered for subscription to common stockholders at rate of one share for each 7⅓ shares held. Unsubscribed shares will be sold to underwriters. Price by amendment. **Proceeds**—Of net proceeds company will use $2,132,000 exclusive of accrued interest, for redemption of outstanding 3¼% sinking fund debentures, Due 1951, And $858,500 exclusive of accrued interest, for payment of bank loans. Balance will be added to working capital.

Century Electric Co., St. Louis, Mo.

Aug. 7 (letter of notification) 25,941 shares of $10 par common. **Offering**—Price minimum of $10 a share. No underwriting. For working capital.

NEW ISSUE CALENDAR

(Showing probable date of offering)

September 12, 1946	
American Time Corp.	Common
September 16, 1946	
Airline Foods Corp.	Debs. and Pfd.
Allis-Chalmers Mfg. Co.	Preferred
Canfield Mfg. Co.	Common
Gloria Vanderbilt Corp.	Common
Metal Forming Corp.	Common
September 17, 1946	
Food Fair Stores, Inc.	Common
September 18, 1946	
Central Soya Co., Inc.	Debentures
September 19, 1946	
Arkansas Western Gas Co.	Common
September 23, 1946	
Scovill Manufacturing Co.	Common
September 24, 1946	
Consumers Power Co.	Common
September 25, 1946	
Tampa Electric Co.	Bonds
October 1, 1946	
Wheeling & Lake Erie Ry.	Equip. Trust Ctfs.

Clary Multiplier Corp., Los Angeles
Sept. 3 filed 150,000 shares 5½% cumulative convertible preferred stock (par $5). **Underwriting**—Maxwell, Marshall & Co., Los Angeles. **Price**—$5.25 a share. **Proceeds**—Net proceeds, estimated at $650,000, will be used to repay a $90,000 bank loan, to construct a factory and office building at San Gabriel, Calif., at a cost of about $250,000, and to purchase additional equipment, estimated at $250,000. The balance will be added to working capital.

Climax Industries, Inc., Chicago
Aug. 28 filed 150,000 shares 5% convertible cumulative preferred ($10 par) and 250,000 shares ($1 par) outstanding common stock. **Underwriter**—Brailsford & Co. **Offering**— company is offering the preferred and General Finance Corp., issuer's sole stockholder, is offering the common for its own account. Prices by amendment. Proceeds of preferred to pay company's indebtedness to General Finance Corp., purchase equipment and real estate and for additional working capital.

Clinton Industries, Inc., St. Louis
June 19 filed 60,000 shares of capital stock (par $1). **Underwriters**—No underwriters. **Offering**—The shares will be offered to executives and key employees of company upon the exercise of options for purchase of such stock. **Price**—Options already issued provide for the purchase of the capital stock at $16.66⅔ a share. **Proceeds**—To be added to general funds.

● **Cole Manufacturing Co., Memphis, Tenn.**
Sept. 6 (letter of notification) $250,000 of 5% serial debentures. Offering price, $1,010 a unit. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. To increase working capital, establish additional warehouses and acquire inventory.

Colonial Sand & Stone Co., Inc., N. Y.
August 15 filed 300,000 shares ($1 par) common stock. **Underwriters**—Emanuel, Deetjen & Co., New York. Price by amendment. **Proceeds**—Company will receive proceeds from the sale of 150,000 shares and Generoso Pope, President of company, who is selling the remaining 150,000 shares will receive proceeds from these shares. The company will use its proceeds for payment of mortgage notes, open account indebtedness and for purchase of additional equipment. Any balance will be added to working capital. Indefinitely postponed.

Colorado Milling & Elevator Co., Denver, Colo.
Aug. 20 filed 70,000 shares ($50 par) cumulative convertible preferred stock. **Underwriter**—Union Securities Corp., New York. Price by amendment. **Proceeds**—Prior to the proposed issue of preferred stock, the company plans to call its $3 cumulative convertible preferred stock for redemption at $55 a share plus accrued dividends. Funds for the redemption will be supplied by a short term bank loan. Proceeds from the sale of preferred, together with other funds, will be used to repay the bank loan. Indefinitely postponed.

Columbia Aircraft Products Inc., Somerville, N. J.
June 26 filed 150,000 shares ($4 par) 30c cumulative convertible preferred stock, convertible into common stock in the ratio initially of 1½ shares of common for each share of preferred. **Underwriters**—Floyd D. Cerf Co., Inc., Chicago. **Offering**—Company offered 59,585⅓ shares for subscription to present common stockholders of record Aug. 6 at $4.50 a share in the ratio of one share of preferred for each share of common held. Rights expired Aug. 20. The offering to common stockholders excluded the two principal stockholders who waived their rights to subscribe. The remaining 90,414⅔ shares and shares not subscribed to by common stockholders will be offered to the public through underwriters. **Price**—$5 a share. **Proceeds**—Approximately $55,000 for payment of Federal taxes; $250,000 for payment of a loan; $50,000 as a loan to Palmer Brothers Engines, Inc., a subsidiary, balance working capital.

Commonwealth Aviation Corp., New York
June 28, 1946 filed 150,000 shares ($10 par) 4½% cumulative convertible preferred stock and 300,000 shares ($1 par) common stock. **Underwriters**—To be supplied by amendment. **Price**—$12 a share of preferred and $7 a share of common. **Proceeds**—Estimated net proceeds of $3,420,000 will be used for working capital.

Commonwealth Investment Co., San Francisco
Aug. 8 filed 250,000 shares ($1 par) common stock. **Underwriter**: North American Securities Co., San Francisco. **Price**—At market. **Proceeds**—For investment. **Business**—Investment house.

Consolidated Air Transit, Inc., East Orange, N. J.
July 29 (letter of notification) $100,000 7% cumulative (non-convertible) preferred stock and $100,000 class B common stock. No underwriter at present, but one expected. Price, $50 for preferred and $3 for common. **Proceeds**—For purchase of equipment and for operating capital.

Consolidated Hotels, Inc., Los Angeles
Aug. 9 filed 97,363 shares ($25 par) 4½% convertible preferred stock and 150,000 shares (50c par) common. **Underwriter**—Lester & Co., Los Angeles. **Price**—$25 a share of preferred and $9 a share of common. **Proceeds**—Of the total, the company will receive proceeds from the sale of 851 shares of preferred. The remaining shares of preferred and all of the common are being sold by Ben Weingart, President and director. Company will add the proceeds to working capital.

Consumers Power Co., Jackson, Mich. (9/24)
Aug. 9 filed an unspecified number of shares (no par) common stock. **Underwriters**—To be determined by competitive bidding. Probable bidders include Morgan Stanley & Co.; Lehman Brothers; Shields & Co.; Harriman Ripley & Co. and The First Boston Corp. (jointly). Price by amendment. **Bids Invited**—Company will receive bids up to noon EDST Sept. 24 at office of Commonwealth & Southern Corp. (N. Y.) for the sale of additional common stock as will produce net cash proceed to the company in the amount of $20,000,000.

Continental Motors Corp., Muskegon, Mich.
July 8 filed 250,000 shares 4¼% cumulative convertible preferred stock, Series A ($50 par). **Underwriters**—Van Alstyne, Noel & Co. **Offering**—Price by amendment. **Proceeds**—For rearrangement and expansion of the company's manufacturing plants, acquisition of additional tools and facilities, and for additional working capital requirements.

Continental-United Industries Co., Inc., N. Y.
Aug. 2 filed 80,000 shares of cumulative sinking fund preferred stock ($25 par) and 350,000 shares ($1 par) common. **Underwriters**—W. C. Langley & Co. and Aronson, Hall & Co. Price by amendment. **Proceeds**—$1,510,833 to repay notes and obligations; $1,600,000 to purchase U. S. Treasury savings notes to fund to that extent current liability of company for Federal taxes, and balance to working capital.

Cooper Tire & Rubber Co., Findlay, Ohio
July 17 filed 60,000 shares ($25 par) 4½% cumulative convertible preferred. **Underwriters**—Otis & Co. and Prescott & Co., Inc. **Offering**—To the public. **Price**—$25 a share. **Proceeds**—Estimated net proceeds of $1,356,200 will be used to redeem its outstanding 4% debentures, due 1967, to pay certain debts and for additional equipment, manufacturing space and working capital.

Copco Steel & Engineering Co., Detroit
Aug. 19 filed 115,000 shares ($1 par) common. **Underwriter**—E. H. Rollins & Son, Inc., New York. Price by amendment. **Proceeds**—Of the shares being offered company is selling 100,000 shares and 15,000 shares are being sold by a stockholder. The company will use its proceeds to provide additional factory space and purchase machinery and equipment and to construct a new office building. The balance will be added to working capital.

Copper State Life Insurance Co., Tucson, Ariz.
August 9 (letter of notification) 2,000 shares ($100 par) class B preferred. Offering price, $150 a share. Underwriter not named. For setting up legal reserve for operation of life insurance business.

● **Coronado Mines, Inc., Tulsa, Okla.**
Sept. 5 (letter of notification) 480,787 shares ($1 par) common of which 28,250 shares may be deemed to have been issued for the benefit of Milton Leon, President of the company. The present notification is a recission offer since the shares were issued without first having been registered.

● **Coronado Mines, Inc., Tulsa, Okla.**
Sept. 5 (letter of notification) 50,000 shares of common. Offering price, $1 a share. No underwriting. Proceeds go to Milton Leon, President of the company, who is the selling stockholder.

Crawford Clothes, Inc., L. I. City, N. Y.
Aug. 9 filed 300,000 shares ($5 par) common stock. **Underwriters**—First Boston Corp., New York. Price by amendment. **Proceeds**—Go to Joseph Levy, President, selling stockholder.

Cyprus Mines, Ltd., Montreal, Canada
May 31 filed 500,000 shares of common stock (par $1). **Underwriters**—Sabiston-Hughes, Ltd., Toronto. **Offering**—Shares will be offered to the public at 75 cents a share. **Proceeds**—Net proceeds, estimated at $300,000, will be used for mining operations. **Business** — Exploring for ore.

Danly Machine Specialties, Inc., Cicero, Ill.
July 26 filed 62,000 shares ($25 par) 5% cumulative convertible preferred stock and 71,950 shares (par $2) common stock 40,000 by company and 31,950 by certain stockholders. **Underwriters**—Paul H. Davis & Co., and Shillinglaw, Bolger & Co., Chicago. Price by amendment. **Proceeds**—Company will use proceeds, together with a $1,000,000 bank loan, to purchase machinery, buildings and to retire bank indebtedness. Temporarily postponed.

Delta Collieries Corp., Indianapolis, Ind.
Aug. 7 (letter of notification) $300,000 5½% sinking fund debentures. **Underwriter**—City Securities Corp. **Offering**—Price $97 and interest. For purchase of equipment.

Derby Oil Co., Wichita, Kans.
July 19 filed 131,517.3 shares ($8 par) common stock. **Underwriting**—H. M. Byllesby and Co., Inc., Chicago, and Nelson Douglass & Co., Los Angeles. Price by amendment. **Proceeds**—Part of the estimated net proceeds will be used to pay a bank loan. The remainder, with other funds, will be used to expand a drilling and exploration program. Indefinitely postponed.

● **Diadem Mining Co., Spokane, Wash.**
Sept. 5 (letter of notification) 50,000 shares of preferred. Offering price, 25 cents a share. No underwriting. To pay expenses of running business.

Diamond T Motor Car Co., Chicago, Ill.
March 29 filed 60,000 shares of common stock (par $2). Shares are being sold by certain stockholders. **Underwriters**—Hallgarten & Co. **Offering**—Price based on market. For details see issue of April 4.

Dictaphone Corp., New York
July 25 filed 65,347 shares (no par) common stock. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering**—Stock will be offered to stockholders at rate of one-half share for each share held. Unsubscribed shares will be sold to underwriters. Price by amendment. **Proceeds**—To be added to general funds. Temporarily postponed.

Drayer-Hanson, Inc., Los Angeles
Aug. 12 filed 80,529 shares ($1 par) class A stock, convertible into common stock (par $1). **Underwriters**—Maxwell, Marshall & Co., Los Angeles. **Price**—To public $10.25 a share. **Proceeds**—Net proceeds, estimated at $694,761, will be used to pay off loans and accounts payable.

Dumont Electric Corp., New York
Aug. 29 filed 94,000 shares of common stock (par 10c). **Underwriter** — First Colony Corp. **Offering** — 25,000 shares being offered by Dumont Electric Corp., and 69,000 shares by Dumont Electric Co., a limited partnership. Price by amendment. **Proceeds**—Net proceeds from the sale of the company's 25,000 shares will be used for general corporate purposes. **Business**—Manufacture of radio and electric capacitors.

Electronic Laboratories, Inc., Indianapolis, Ind.
July 29 filed 140,000 shares ($1 par) common stock, of which 40,000 shares are being sold by two stockholders. **Underwriters**—By amendment. May be placed privately. Price by amendment. **Proceeds**—From sale of company's 100,000 shares for purchase of inventory, payrolls, and working capital.

Empire Millwork Corp., New York
Aug. 28 filed 50,000 shares of $1.25 cumulative convertible preferred stock, (par $25) and 150,000 shares of common stock (par $1). **Underwriters**—Van Alstyne, Noel & Co. **Proceeds**—Corporation will receive the proceeds from the issuance of 50,000 shares of the common stock which will be used to increase productive capacity, add new lines of products and expand the business. The remaining 100,000 shares of common stock and the preferred shares will be sold by present stockholders.

Engineering Laboratories, Inc., Tulsa, Okla.
Aug. 26 (letter of notification) 60,000 shares of $5 par common. No underwriter. **Offering**—Price $5 a share. Proceeds to increase working capital.

Engineers Waterworks Corp., Harrisburg, Pa.
June 24 (letter of notification) $275,000 4% debentures due 1971. **Underwriters**—C. C. Collings & Co., and Stroud & Co., Inc., Philadelphia. Price, $101. Proceeds for purchase of additional water properties or their securities and for other corporate purposes.

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● **Ero Manufacturing Co., Chicago**
Sept. 5 filed 105,000 shares common stock (par $1). **Underwriter**—Straus & Blosser, Chicago. **Price**—$11.50 a share. **Proceeds** — Shares are being sold by stockholders. **Business** — Production of automobile replacement parts and accessories, including automobile seat covers and cushions and other textile and metal products.

Fashion Frocks, Inc.
July 24 filed 200,000 shares ($1 par) common stock. **Underwriter**—Van Alstyne, Noel & Co. **Offering**—Offering does not constitute new financing but is a sale of currently outstanding shares owned by members of the Meyers family, owner of all outstanding stock. After giving effect to the sale and assuming exercise of certain warrants and an option, the Meyers family will retain ownership of approximately 58% of the common stock.

Fate-Root-Heath Co., Plymouth, O.
Aug. 20 (letter of notification) 7,604 shares ($1 par) common on behalf of the company and 6,896 shares on behalf of selling shareholders. **Offering**—Price $14.50 a share. **Underwriter**—Livingston, Williams & Co., Inc.; First Cleveland Corp.; and Cunningham & Co. Company will use its proceeds for purchase of additional machinery and equipment, plant improvement and other corporate purposes.

Fidelity & Guaranty Fire Corp., Baltimore
Aug. 14 filed 100,000 shares ($10 par) capital stock. **Underwriter**—United States Fidelity & Guaranty Co. of Baltimore has entered into an agreement with the company to purchase at $40 a share any of the stock not subscribed to by stockholders. **Offering**—Stock will be offered for subscription to stockholders at $40 a share. **Proceeds**—Proceeds will be used to increase the capital and surplus of the company.

Fidelity System, Inc., Newark, N. J.
Aug. 15 (letter of notification) 1,250 shares of 6% cumulative preferred ($100 par). Offering price, $100 a share. **Underwriters**—Maurice Welch, Belleville, N. J., and M. H. Secor, East Orange, N. J. **Proceeds**—For the purchase of real property, chemical equipment, salaries, advertising and sales promotion of the products Fiedel-X Termite Kill, Fidel-X Mothproofing Compound and others to be developed under the trade name Fidel-X.

Films Inc., New York
June 25, filed 100,000 shares ($5 par) class A stock and 300,000 shares (10 cent par) common stock, of which 200,000 shares reserved for conversion of class A. Each share of class A stock is initially convertible into 2 shares of common stock. **Underwriters**—Herrick, Waddell & Co., Inc., New York. **Offering**—To be offered publicly at $8.10 a unit consisting of one share of class A stock and one share of common stock. **Proceeds**—$201,000 for retirement of 2,010 shares ($100 par) preferred stock at $100 a share; remaining proceeds, together with other funds, will be used for production of educational films.

Flying Freight Inc., New York
May 6 filed 300,000 shares common stock (par $1). **Underwriters**—J. F. Reilly & Co., Inc., and Courts & Co. **Offering**—Price to public $3.50 per share. **Proceeds**—Proceeds will be used for the purchase of six land planes, ten flying boats, reconditioning of flying boats and working capital.

Food Fair Stores, Inc., Philadelphia (9/17)
Aug. 5 filed 60,000 shares ($15 par) cumulative preferred stock. **Underwriters**—Eastman, Dillon & Co. Price by amendment. **Proceeds**—To be used to redeem 15-year 3½% sinking fund debentures, due 1959; and $2.50 cumulative preferred at $53 a share. Balance will be added to working capital.

Foreman Fabrics Corp., New York
July 29 filed 110,000 shares ($1 par) common stock, all outstanding. **Underwriters**—Cohu & Torrey. Price by amendment.

Forest City Mfg. Co., St. Louis
June 17, filed 280,000 shares ($1 par) common stock. **Underwriters**—Peltason, Tenenbaum Co., St. Louis. **Offering**—Shares will be offered publicly at $11.25 a share. **Proceeds**—Net proceeds go to the selling stockholders.

Foster & Kleiser Co., San Francisco
July 29 filed 100,000 shares of $1.25 cumulative convertible preferred stock (par $25). **Underwriter**—Blyth & Co., Inc. **Offering**—Underwriters are making exchange offer to holders of Class A preferred on share for share basis plus a cash adjustment. **Proceeds**—Approximately $1,060,950 for redemption of class A preferred; balance for expansion, working capital, etc. Dividend rate and price by amendment.

● **463 West 57th Street Ownership Corp., N. Y.**
Sept. 6 (letter of notification) 435 shares of common stock (par $100). Not underwritten. Shares will be sold at $100. Proceeds will be used to pay individuals who purchased the property and transferred ownership to the corporation.

Fownes Brothers & Co., Inc., N. Y.
Aug. 6 filed 100,000 shares ($1 par) capital stock. **Underwriter**—Van Alstyne, Noel & Co., New York. Price by amendment. **Proceeds**—The shares are issued and outstanding and are being sold by Ivens Sherr, President and A. I. Sherr, Executive Vice-President, who will receive proceeds.

Garval Industries Inc., New York
Aug. 29 (letter of notification) 44,000 shares ($5 par) 6% cumulative convertible preferred and 188,000 shares (par 1¢) common. **Offering**—Price $5.02 a unit consisting of one share of preferred and one share of common. No underwriting. For leasing a plant, purchasing and installing machinery and for working capital.

General Bronze Corp., L. I. City
July 26 filed 115,000 shares of cumulative convertible preferred stock ($25 par). **Underwriters**—W. C. Langley & Co. and Aronson, Hall & Co. Price by amendment. **Proceeds**—To pay cost of acquisition, construction and equipment of new plant, and for working capital.

Glen Industries Inc., Milwaukee, Wis.
July 31 filed 50,000 shares of $1.25 cumulative convertible preferred stock series A ($20 par) and 150,000 shares (10c par) common, all issued and outstanding and being sold by eight selling stockholders. **Underwriters**—Van Alstyne Noel & Co. Price by amendment. **Proceeds**—To selling stockholders. **Business**—Manufacturers of junior miss wearing apparel.

Glensder Textile Corp., New York
Aug. 28 filed 355,000 shares ($1 par) common, of which 55,000 shares are reserved for issuance upon the exercise of stock purchase warrants. **Underwriter** — Van Alstyne, Noel & Co. **Offering**—The 300,000 shares are issued and outstanding and being sold for the account of certain stockholders. Company has also issued 55,000 stock purchase warrants to the selling stockholders at 10 cents a share entitling them to purchase up to Aug. 1, 1949, common stock of the company at $11 a share. Price by amendment.

Gloria Vanderbilt Corp., New York (9/16-20)
Aug. 5 filed 300,000 shares ($1 par) common. **Underwriter**—Elder, Wheeler & Co., New York. **Price**—$3 a share. **Proceeds**—Estimated net proceeds of $727,000 will be used for remodelling and equipping a manufacturing plant, for purchase of inventory and for financing a promotional campaign.

Gordon Mail Order Co., Inc., Baltimore, Md.
Aug. 12 (letter of notification) 22,500 shares of common and 3,000 shares of preferred. **Offering**—Price $2 a common share and $5 a preferred share. No underwriting. For continued sale and distribution of general merchandise.

● **Grand Canyon-Boulder Dam Tours, Inc., Boulder City, Nev.**
Sept. 3 filed 636,500 shares ($5 par) capital stock. **Underwriting**—There will be no underwriting but Everett N. Crosby, President and James Manoil, Treasurer, will act as selling agents. **Offering**—Of the total 500,000 shares will be offered to the public and the remaining 136,500 shares will be reserved for issuance partly in payment of an indebtedness. Partly as a commission to the selling agents and partly on exercise of options. **Price**—$5 a share. **Proceeds**—For refinancing of company and for working capital and funds for development and construction program. **Business**—Serving tourists to the Boulder Dam recreational area through operation of resort hotel accommodations, scenic tour facilities by air, boat and motor transport.

Grand Valley Oil Corp., New York
Aug. 28 (letter of notification) 300,000 shares ($1 par) common. Of the total, 85,590 shares are to be exchanged for overriding royalty interests in leases and fee properties formerly operated by R. E. Leyendecker, Inc., and operations to be carried on by the issuer. The balance, 214,410 shares, will be offered publicly at $1 a share. **Underwriter**—Leven Brothers, New York. **Proceeds**—For direct corporate purposes.

● **Greens Ready Built Homes, Inc., Rockford, Ill. (9/23)**
Sept. 10 (letter of notification) 27,000 shares 60 cent cumulative convertible preferred stock (par $10) and 11,900 shares of common stock. Price, $10 per share for preferred and $2.50 per share for common. **Underwriter**—R. H. Johnson & Co., New York and Shillinglaw, Bolger & Co., Chicago. Proceeds for working capital, etc.

● **Griggs, Cooper & Co., St. Paul, Minn.**
Sept. 3 (letter of notification) 12,000 shares ($1 par) common. **Underwriters**—Kalman & Co., Inc., St. Paul. **Price**—$25 a share. **Proceeds** — For improvement and modernization program.

Grolier Society, Inc., New York
July 29 filed 18,500 shares at $4.25 cumulative preferred stock ($100 par), with non-detachable common stock purchase warrants entitling registered holders of shares of the $4.25 preferred to purchase at any time 64,750 shares of common stock at $16 a share at the ratio of 3½ common shares for each preferred share held; and 120,000 shares of $1 par common stock. **Underwriters**—H. M. Byllesby and Co., Inc. **Offering**—Underwriters to purchase from the company 18,500 shares of preferred and 20,000 shares of common; and from Fred P. Murphy and J. C. Graham, Jr., 100,000 shares of issued and outstanding common. Prices, preferred $100 a share; common $14 a share. **Proceeds**—To retire $6 cumulative preferred, pay notes, discharge a loan.

Gubby Mines, Ltd., Montreal, Canada
May 31 filed 500,000 shares of common stock (par $1). **Underwriters**—Sabiston-Hughes, Ltd., Toronto. **Offering**—Shares will be offered to public at 75 cents a share. **Proceeds**—Net proceeds, estimated at $300,000, will be used for mining operations. **Business**—Exploring for ore.

Gulf Atlantic Transport'n Co., Jacksonville, Fla.
Jan. 17 filed 270,000 shares of common stock (par $1). **Underwriters**—Blair & Co. **Offering**—Stock is being offered to present shareholders at $3 per share. Holders of approximately 200,000 shares have agreed to waive their preemptive rights.

Hammond Instrument Co., Chicago
Aug. 8 filed 80,000 shares ($1 par) common. **Underwriter**: Paul H. Davies & Co., Chicago. Price by amendment. **Proceeds**—Net proceeds will be used to redeem its outstanding 6% cumulative preferred stock at an estimated cost of $213,258, exclusive of accrued dividends. It also will use approximately $402,000 toward the purchase of a manufacturing plant in Chicago; balance for working capital. Offering temporarily postponed.

● **Harry Latz Service, Inc., New York**
Sept. 5 (letter of notification) 4,000 shares ($25 par) 6% cumulative preferred and 4,000 shares ($1 par) common. Offering price, $25 a unit consisting of one share of preferred and one share of common. No underwriting. For reduction of mortgages and loans and purchase of equipment, supplies and other facilities.

Hartfield Stores, Inc., Los Angeles
June 27 filed 100,000 shares ($1 par) common stock. **Underwriters**—Van Alstyne, Noel & Co., New York, and Johnston, Lemon & Co., Washington, D. C. **Offering**—To be offered to the public at $8 a share. **Proceeds**—Company is selling 60,000 shares and stockholders are selling 40,000 shares. The company will use its proceeds to pay the costs of opening additional stores and to expand merchandise in its existing stores.

● **Hartford (Conn.) Mattress Co.**
Sept. 4 (letter of notification) 1,000 shares ($100 par) 6% cumulative preferred. Offering price, $100 a share. No underwriting. For plant expansion.

Hayes Manufacturing Corp., Gr. Rapids, Mich.
Feb. 27 filed 185,000 shares of common stock ($2 par). Shares are being sold by certain stockholders. Stock acquired by selling stockholders in exchange for 432,000 shares of common stock (par $3) of American Engineering Co. **Underwriter**—By amendment. **Offering**—Price by amendment.

Holt (Henry) & Co., Inc., New York
June 28, 1946 filed 20,000 shares of 4½% ($25 par) cumulative convertible preferred stock and 33,884 shares ($1 par) common stock. **Undrewriters**—Otis & Co., Cleveland, Ohio. **Offering**—Company is selling the preferred shares and stockholders are selling the common shares. **Price**—$25 a share of preferred. Price for the common by amendment. **Proceeds**—Net proceeds will be added to general funds.

Idaho Calcium Corp., Mountain Home, Ida.
Aug. 8 (letter of notification) 150,000 shares ($100 par) preferred and 37,500 shares of $1 par common. **Offering**—Price $125 a unit consisting of one preferred share and 25 common shares. No underwriting. For development of mining claims.

● **Idaho Food Products, Inc., Boise, Ida.**
Sept. 5 (letter of notification) 30,000 shares ($10 par) common to be issued as stock dividend to common stockholders and 500 shares of Series A ($100 par) 5% preferred. Offering price, $100 a preferred share. No underwriting. To increase capital investment.

Illinois Power Co., Decatur, Ill.
June 17, filed 200,000 shares ($50 par) cumulative preferred stock and 966,870 shares (no par) common stock. **Underwriters**—By competitive bidding. Probable bidders include Blyth & Co., Inc. and Mellon Securities Corp. (jointly) and Morgan Stanley & Co. and W. E. Hutton & Co. (jointly). **Proceeds**—Net proceeds from the sale of preferred will be used to reimburse the company's treasury for construction expenditures. Net proceeds from the sale of common will be applied for redemption of 5% cumulative convertible preferred stock not converted into common prior to the redemption date. The balance will be added to treasury funds.

International Dress Co., Inc., New York
Aug. 28 filed 140,000 shares of common stock (par $1). **Underwriter**—Otis & Co. **Offering**—Price $10 per share. **Proceeds**—Selling stockholders will receive proceeds.

Jacobsen Mfg. Co., Racine, Wis.
Aug. 27 (letter of notification) 9,340 shares (no par) common. **Underwriter**—Gardner F. Dalton & Co., Milwaukee, Wis. **Offering**—Price $20.50 a share. Proceeds for working capital.

Jensen Manufacturing Co., Chicago
July 24 filed 148,176 shares ($1 par) common stock. **Underwriter**—Doyle, O'Connor & Co., Chicago. **Price**, $8.87½ a share. **Proceeds**—Shares are being sold by two stockholders. Offering temporarily postponed.

● **Joe Dandy Mining Co., Colorado Springs, Colo.**
Sept. 5 (letter of notification) 888,500 shares (1¢ par) common stock on behalf of Inter-Mountain Shares, Inc. Offering price, 2 cents a share. **Underwriter**—Inter-Mountain Shares will do its own selling. Proceeds go to the selling stockholder.

Kalamazoo (Mich.) Vegetable Parchment Co.
Sept. 3 filed 100,000 shares ($10 par) common stock. **Underwriting** — No underwriting. **Offering** — For subscription to common stockholders in the ratio of one share for each five shares held. **Price**—$15 a share. **Proceeds**—Proceeds, estimated at $1,500,000, will be used to retire a $500,000 short-term bank loan, to make loans to The KVP Co. Ltd., a subsidiary, and to increase working capital. **Business**—Converter of paper products.

Lake State Products, Inc., Jackson, Mich.
Aug. 27 (letter of notification) 100,000 shares ($1 par) common for benefit of issuer. **Underwriter**—Keane & Co., Detroit. **Offering**—Price $2.50 a share. Proceeds for working capital to enable issuer to produce its product, an automatic dishwashing machine in commercial quantities.

Lime Cola Co., Inc., Montgomery
June 28, 1946 filed 225,000 shares (10 cent par) common stock. **Underwriters**—Newburger and Hano, Philadelphia, and Kobbe Gearhart & Co., Inc., New York. **Price**—$5.50 a share. **Proceeds**—Working capital.

● **Liquid Coal Gasoline Corp., Hackensack, N. J.**
Sept. 5 (letter of notification) 40,000 shares ($1 par) capital common. Offering price, $1 a share. No underwriting. For continuation of business and for laboratory and research expenses.

Liquid Conditioning Corp. of New York
July 3 filed 70,600 shares ($10 par) class A common stock. **Underwriters**—No underwriting. **Offering**—Price, $10 a share. **Proceeds**—Proceeds will be used to pay for its temporary quarters in New York, for furniture and fixtures, equipment and other corporate purposes.

Mada Yellowknife Gold Mines, Ltd., Toronto
June 7 filed 250,000 shares of capital stock (par 40c). **Underwriters** — Names to be supplied by amendment. **Offering**—Stock will be offered publicly in the U. S. at 40c a share (Canadian money). **Proceeds**—Proceeds, estimated at $75,000, will be used in operation of the company. **Business**—Exploring and developing gold mining properties.

Maine Public Service Co., Preque Isle, Me.
June 25 filed 150,000 shares ($10 par) capital stock. **Underwriters**—To be determined through competitive bidding. Probable bidders include The First Boston Corp.; Kidder, Peabody & Co., and Blyth & Co., Inc. (jointly); Harriman Ripley & Co; Coffin & Burr and Merrill Lynch, Pierce, Fenner & Beane. **Proceeds**—The shares are being sold by Consolidated Electric and Gas Co., parent of Maine Public Service, in compliance with geographic integration provisions of the Public Utility Holding Company Act.

● **Marshall Drug Co., Inc., Philadelphia**
Sept. 6 (letter of notification) 74,000 shares ($1 par) common. Offering price, $1 a share. Underwriting, officers of the company. To be deposited for benefit of company to assist sales and distribution of its product.

May McEwen Kaiser Co., Burlington, N. C.
Aug. 22 filed 175,418 shares ($1 par) common stock. **Underwriters**—Goldman, Sachs & Co., and Hemphill, Noyes & Co. **Price**—By amendment. **Proceeds**—Net proceeds go to 11 shareholders who are selling the stock being registered. **Business**—Manufacture of women's hosiery.

Mercury Messenger Corp., New York, N. Y.
Aug. 28 (letter of notification) 93,000 shares of capital common stock (par 20c). No underwriting. **Price**—$2.70 a share. Proceeds will go to expansion of issuer's business.

Metal Forming Corp., Elkhart, Ind. (9/16-20)
July 29 filed 60,000 shares ($1 par) common stock. **Underwriter**—First Colony Corp. **Offering**—For the benefit of 11 selling stockholders. Price, $7.50 a share.

Michigan Gas & Elec. Co., Ashland, Wis.
June 24 filed $3,500,000 of series A first mortgage bonds, due 1976; 14,000 shares ($100 par) cumulative preferred stock and 120,000 shares ($10 par) common stock. **Underwriters**—To be determined by competitive bidding. Probable bidders include Blyth & Co., Inc.; Kidder, Peabody & Co.; The First Boston Corp.; Harris, Hall & Co. (Inc.); Merrill Lynch, Pierce, Fenner & Beane, and Ira Haupt & Co. **Offering**—New preferred will be offered on a share for share exchange basis to holders of its outstanding 7% prior lien, $6 no-par prior lien, 6% preferred and $6 (no par) preferred. Of the common stock being registered, company is selling 40,000 shares, Middle West is selling 57,226 shares and Halsey, Stuart & Co. Inc., New York, is selling 22,774 shares. **Proceeds**—Michigan will use net proceeds from bonds to redeem $3,500,000 3¾% series A first mortgage bonds, due 1972, at 106.75 and interest. Net proceeds from sale of common and from shares of new preferred not issued in exchange will be used to redeem $375,000 3½% serial debentures, due 1951, at 101.2 and interest. It also will redeem at 105 and accrued dividends all unexchanged shares of prior lien and preferred stocks.

● **Michigan Quartz Silica Co., Milwaukee, Wis.**
Aug. 30 (letter of notification) 2,500 shares of 6% cumulative preferred stock (par $10). Offering price to present stockholders, $10 a share. No underwriting. For acquisition of real estate and equipment and for working capital.

Michigan Steel Casting Co., Detroit
June 27 filed 100,000 shares ($1 par) common stock. **Underwriters**—Cray, McFawn & Co., Detroit. **Offering**—To be offered publicly at $8.25 a share. **Proceeds**—Purchase additional facilities, expansion, etc. Offering indefinitely postponed.

Mississippi Fire, Casualty & Surety Corp.
August 19 (letter of notification) 14,000 shares ($10 par) common stock, offering price $20 a share. **Underwriter**—Clany M. Seay, Jackson, Miss. will undertake to obtain signatures authorizing subscriptions for the stock to create capital and surplus for operation of business. Company is to be organized in Mississippi.

Morrison-Knudsen Co., Inc., Boise, Idaho
July 22 filed 249,550 shares ($10 par) common and 70,000 shares of ($50 par) 4½% cumulative convertible preferred. **Underwriter**—Blyth & Co., Inc., and Wegener & Daly, Inc. **Proceeds**—Selling stockholders are offering 149,550 shares of the common and will receive proceeds from these shares. The company's proceeds, together with funds to be provided from the sale of $2,000,000 of 3½% debentures, due 1961, will be used to retire its certificates of indebtedness, outstanding preferred stock and a portion of its bank loans. It also will use the funds for investment in preferred stocks of subsidiaries. **Price**—Preferred, $50 per share; common, $16 per share.

Montana Silver Star Mines, Inc., Helena, Mont.
Aug. 23 (letter of notification) 500,000 shares of common non-assessable capital stock. **Underwriter**—L. F. Hachez and Co., Spokane, Wash. **Offering**—Price 12½ cents a share. Proceeds for exploration, drilling, equipment, etc.

Mountain States Power Co.
June 6 filed 140,614 shares of common stock (no par). **Underwriters**—To be determined by competitive bidding. Probable bidders include Blyth & Co., Inc.; Kuhn, Loeb & Co. and Smith Barney & Co. (jointly); Harriman, Ripley & Co.; The First Boston Corp. **Offering**—Shares, are owned by Standard Gas & Electric Co. and constitute 56.39% of the company's outstanding common. **Sale Postponed**—Standard Gas & Electric Co. asked for bids for the purchase of the stock on Sept. 4, but the sale has been temporarily postponed.

Murphy (G. C.) Co., McKeesport, Pa.
June 13 filed 250,000 shares of common stock (par $1). **Underwriter**—Smith, Barney & Co. Price by amendment. **Proceeds**—Redemption of outstanding 4¾% preferred stock at $109 a share plus dividends. Indefinitely postponed.

National Alfalfa Dehydrating & Milling Co., Lamar, Colo.
June 28 filed 28,960 shares of 4½% cumulative preferred stock ($100 par), 250,000 shares of common stock ($1 par) and warrants for 28,960 common shares (attached to preferred stock). **Underwriters**—Stone & Webster Securities Corp., and Bosworth, Chanute, Loughridge & Co. Price by amendment. **Proceeds**—Shares are outstanding and are being sold by stockholders. Temporarily postponed.

● **National D Realty Corp., South Boston, Mass.**
Sept. 6 (letter of notification) $100,000 of first mortgage sinking fund 5% bonds. Offering price $100 a unit. No underwriting. For purchase of warehouse and sale of wholesale groceries.

National Manufacture and Stores Corp., Atlanta
June 12 (letter of notification) 8,500 shares of common stock. Offering price, $35 a share. **Underwriters**—Clement A. Evans & Co., Inc. **Proceeds**—For redemption of outstanding $2.50 class A non-cumulative stock. Postponed indefinitely.

● **Nevada Clay Products Co., Las Vegas, Nev.**
Sept. 6 (letter of notification) $225,000 of preferred and $25,000 of common. Offering price, $100 a share of preferred and $5 a share of common. No underwriting. Financing production of common clay brick.

Newburgh Steel Co., Inc., Detroit
Aug. 2 filed 30,000 shares of 6% cumulative convertible preferred (par $10), and 30,000 common shares ($1 par). **Underwriters**—O'Connell & Janareli, New York. **Offering**—Shares are issued and outstanding and are being sold by Maurice Cohen and Samuel Friedman, President and Secretary-Treasurer, respectively, each selling 15,000 shares of preferred and 15,000 shares of common. **Price**—$10 a share for the preferred and $6 a share for the common. Expected late October or early November.

New England Gas and Electric Association
July 11 filed $22,500,000 20-year collateral trust sinking fund Series A bonds, and a maximum of 1,568,980 common shares ($5 par). **Underwriters**—By amendment. Bidders may include Halsey, Stuart & Co. Inc. (bonds only), Bear, Stearns & Co. (stock only), First Boston Corp., White, Weld & Co.-Kidder, Peabody & Co. (jointly). **Offering**—Bonds and common stock are being offered in connection with a compromise recapitalization plan approved by the SEC, on June 24, 1946, which among other things provides for the elimination of all outstanding debentures and preferred and common stocks, and for the issuance of $22,500,000 of bonds and 2,300,000 of new common shares. Price by amendement. **Proceeds**—To retire outstanding securities, aggregating $34,998,500. Bids for the purchase of the bonds and the common stock which were to be received by the company Aug. 13 were withdrawn Aug. 12. Sale postponed indefinitely.

● **Newspaper Guild Headquarters, Inc., New York**
Aug. 28 (letter of notification) $100,000 3% 20-year debentures. Subscriptions for the debentures have been received from the Newspaper Guild of New York during the past few weeks which were accepted inadvertently believing the debentures were exempted from registration. Price par. Not underwritten. Proceeds will be used for the purchase, maintenance, alteration and improvement of the building and premises known as 133-137 W. 44th St., New York City, purchased by the issuer.

North American Acceptance Corp., Philadelphia
Aug. 22 (letter of notification) 11,600 shares Class A stock. **Underwriter**—W. H. Bell & Co., Inc., Philadelphia. **Offering**—Price $4.50 a share. Proceeds for working capital to conduct finance business.

Northern Engineering Works, Detroit, Mich.
Aug. 23 (letter of notification) 7,450 shares ($1 par) common owned by the two individuals viz.: William W. Peattie and Reed C. Zen. **Underwriters**—Mercier, McDowell & Dolphyn and Smith, Hague and Co., Detroit, and Investment Securities Co., Jackson, Mich. **Offering**—Price $7 a share. Proceeds to sellers.

Northern Engraving & Mfg. Co., La Crosse, Wis.
Aug. 29 filed 70,000 shares ($2 par) common stock. **Underwriter**—Cruttenden & Co. **Offering**—All shares are issued and outstanding and are being sold for the account of present holders. **Price**—$16 a share. **Proceeds**—To selling stockholders.

Northern Indiana Public Service Co.
Aug. 28 filed maximum of 384,016 shares of common stock. Underwriters by amendment as shares will be offered under competitive bidding. Probable bidders include Blyth & Co., Inc.; The First Boston Corp.; Stone & Webster Securities Corp., and Harriman Ripley & Co., Inc. (jointly). Of the shares registered, 182,667 are being sold by Midland Realization Co.; 54,426 by Midland Utilities Co., and 146,923 by Middle West Corp.

Northwestern Public Service Co., Huron, S. D.
June 28 filed $5,275,000 first mortgage bonds, due 1976, 26,000 shares ($100 par) cumulative preferred stock, and 110,000 shares of $3 par common. **Underwriters**—To be determined by competitive bidding. Probable bidders include Halsey, Stuart & Co. Inc. (bonds); Harriman Ripley & Co., Inc.; Lee Higginson Corp.; A. G Becker & Co., Inc., Salomon Brothers & Hutzler, Dick Merle-Smith, Drexel & Co., Harris Hall & Co. (Inc.) and Stroud & Co., (jointly); **Offering**—Securities will be sold at competitive bidding. **Proceeds**—Refunding.

Nugent's National Stores, Inc., New York
June 21 filed 85,000 shares ($1 par) common stock. **Underwriters**—Newburger & Hano, and Kobbe, Gearhart & Co., Inc. Price, $6.75 a share. **Proceeds**—Net proceeds to the company from 62,000 shares, estimated at $350,200, will be applied as follows: About $111,300 for retirement of outstanding preferred stock; $41,649 to purchase 100% of the stock of two affiliates, and balance $197,000 for other corporate purposes. The proceeds from the other 3,000 shares will go to selling stockholders.

Oklahoma Oil Co., Denver, Colo.
Aug. 5 (letter of notification) 571,000 shares (5c par) common on behalf of Frank C. Myers, President and Treasurer of the company. **Offering**—Price at market. **Underwriting**—Inter-Mountain Shares, Inc. **Proceeds**—Go to the selling stockholder.

● **Old Holland Soap & Chemical Co., Miami, Fla.**
Sept. 6 (letter of notification) 90,000 common shares. Offering price, $2.25 a share. **Underwriter**—Harold Loeb Co., New York. For general expansion purposes.

O'Okiep Copper Mining Co. Ltd. of the Union of South Africa
July 25 filed 106,329 American shares representing a similar number of ordinary shares of the par value of 10 shillings, South African currency (U. S. $2.017). **Underwriters**—None. **Offering**—To be offered at $5 a share to stockholders of Newmont Mining Corp. on the basis

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of one ordinary share of O'Okiep for each 10 shares of Newmont held. Primary purpose of the offering of 106,329 American shares of O'Okiep is to effect such distribution of these shares as may comply with the listing requirements of the New York Curb Exchange as to distribution of shares. O'Okiep has pending an application to list the American shares on the New York Curb Exchange.

Orange-Crush de Cuba, S. A., Havana, Cuba
July 22 filed 75,000 shares of $1.50 par common. **Underwriter**—Elder, Wheeler & Co. **Offering**—Price $8 a share. **Proceeds**—Of the total company is selling 25,000 shares and stockholders are selling 50,000 shares. The company will use its proceeds for equipment.

Pacific Power & Light Co., Portland, Ore.
July 10 filed 100,000 shares ($100 par) preferred stock. **Underwriters**—By amendment. Probable bidders include Blyth & Co., Inc., White, Weld & Co. and Smith, Barney & Co. (jointly); The First Boston Corp., W. C. Langley & Co.; Harriman Ripley & Co. **Offering**—Company proposes to issue the 100,000 shares of new preferred for the purpose of refinancing at a lower dividend rate the 67,009 outstanding preferred shares of Pacific and the 47,806 preferred shares of Northern Electric Co., in connection with the proposed merger of Northwestern into Pacific. In connection with the merger, the outstanding preferred stocks of Pacific and Northwestern will be exchanged share for share, with cash adjustments, for the new preferred stock of Pacific, the surviving corporation. **Offering price**—To be supplied by amendment.

● **Pacific Telephone and Telegraph Co., San Francisco**
Sept. 6 filed $75,000,000 of 40-year debentures, due 1986. **Underwriters**—By competitive bidding. Probable bidders include Morgan, Stanley & Co., Blyth & Co., Inc., Halsey Stuart & Co., Inc. **Proceeds**—Net proceeds will be used to reimburse its treasury for previous expenditures for extensions and improvements to its plant and plants of subsidiaries. Remaining proceeds will be used to repay outstanding advances from American Telephone & Telegraph Co., parent, which are expected to nearly equal the amount of the proceeds from the sale of the debentures, the registration stated. **Business**—Furnishing communication services, mainly telephone service, in California, Nevada, Oregon and Washington, and part of Idaho.

● **Package Machinery Co., Springfield, Mass.**
Sept. 6 (letter of notification) 37,478 shares of no par common. Offering price, $7.50 a share. No underwriting. For purchase and equipment of plan at East Longmeadow.

Pal Blade Co., Inc., New York
June 28, 1946 filed 227,500 shares ($1 par) capital stock. **Underwriters** — F. Eberstadt & Co., Inc. **Offering** — 225,000 shares are outstanding and are being sold by 10 stockholders, and 2,500 shares are being sold by A. L. Marlman to all salaried employees.

Palmetto Fibre Corp., Washington, D. C.
August 16 filed 4,000,000 shares (10¢ par) preference stock. **Underwriting**—Tellier & Co., New York. Price 50 cents a share. **Proceeds**—The company will use estimated net proceeds of $1,473,000 for purchase of a new factory near Punta Gorda, Florida, at a cost of about $951,928. It will set aside $150,000 for research and development purposes and the balance will be used as operating capital.

● **Pegasus Publications, Inc., New York**
Sept. 9 (letter of notification) 30,000 shares of 7% cumulative preferred stock (par $10). Not underwritten. Price $10 per share. Proceeds will be used to pay for printing, binding and paper, office rental, purchase of supplies, etc.

Peninsular Oil Corp., Ltd., Montreal, Canada
Sept. 3 filed 600,000 shares of common (par $1). **Underwriter**—Sabiston Hughes, Ltd., Toronto, Canada. **Price**—60 cents a share. **Proceeds**—Net proceeds will be used to purchase drilling machinery and other equipment. **Business**—Exploring for natural oil and gas in the Peninsula of Gaspe, Province of Quebec, Canada.

Plastic Molded Arts, Inc., New York
Aug. 27 filed 60,000 shares of preferred stock ($10 par) and 75,000 shares of common (par 50c). **Underwriter**—Herrick, Waddell & Co., Inc. **Offering**—Company is offering the preferred stock to the public, while the common is being sold by certain stockholders. **Prices**—Preferred, $10 a share; common, $4 a share. **Proceeds**—Proceeds from sale of preferred will be used to purchase equipment, pay bank loans, and other corporate purposes.

Port Huron (Mich.) Sulphite & Paper Co.
Aug. 28 (letter of notification) 25,000 shares of common. **Offering** — Price $11 a share. **Underwriters** — Wm. C. Roney & Co., Detroit. For construction of warehouse and railroad siding and for working capital.

Portland (Ore.) Transit Co.
June 14 filed $1,250,000 4% convertible debentures due June 1, 1966, and 200,000 shares of common stock (par $1); also an additional 128,750 common shares for conversion of debentures. **Underwriters**—First California Co.; Scherck, Richter & Co.; Weeden & Co.; Allen & Co., and Rauscher, Pierce & Co. **Proceeds**—To complete payment of purchase price for the capital stock of Portland Traction Co. and the properties of the Interurban Railway Division of Portland Electric Power Co., working capital, etc. Offering price of debentures $105; price of common to public, $8.25 per share.

Precision Parts Co. of Ann Arbor, Mich.
July 5 filed 75,000 shares 5% cumulative convertible preferred stock ($10 par). **Underwriter**—Van Alstyne, Noel & Co. and associates. Price by amendment. **Proceeds**—Of the net proceeds, $250,000 will be used to pay 3% notes held by National Bank of Detroit, $75,000 to reimburse treasury for sums spent in acquisition of the electrical division plant of the company, $30,000 for construction of space for executive offices in the economy baler plant, and the balance will be deposited with general funds.

Red Rock Bottling Co. of Pittsburgh
Aug. 23 (letter of notification) three-year warrants for purchase of 100,000 shares common stock (par 50¢) at $1.50 a share, not assignable or exercisable before July 1, 1947. No underwriting. Price one cent per warrant. Proceeds for working capital.

Red Rock Bottling Co. of Youngstown, Warren, O.
Aug. 16 (letter of notification) 199,000 shares (50c par) common and warrants for purchase of 125,000 additional common. **Offering**—Price $1.50 a common share and one cent a warrant. **Underwriters**—Frank C. Moore & Co., New York; and Hall, Tattersall & Co., Philadelphia. For payment of plant mortgage, purchase of additional equipment and for working capital.

● **Republic Foil & Metal Mills, Inc., Danbury, Conn.**
Sept. 6 filed $500,000 of 3½% notes, due 1966; 2,500 shares of 3½% preferred stock (par $100) and 15,000 shares of common stock (no par). **Underwriting** — No underwriting. **Offering**—The securities being registered include notes, preferred and common previously sold to private subscribers for an aggregate price of $464,384. The company is offering to repurchase these securities with interest and reoffer them to the public. The purpose of the recission offer is because the earlier securities were not registered with the SEC. **Price**—The notes will be sold at 100, the preferred at $100 a share, and the common at 10 cents a share. **Proceeds** — Proceeds will be added to general corporate funds. **Business**—Company is a new company and has not reached a stage of actual production. It will produce unbacked aluminum foil.

Republic Pictures Corp., New York
Registration originally filed July 31 covered 184,821 shares of $1 cumulative convertible preferred ($10 par) and 277,231 shares (50c par) common stock, with Sterling, Grace & Co. as underwriters. Company has decided to issue 454,465 shares of common stock only, which will be offered for subscription to stockholders of record Sept. 5 to the extent of one share for each five held. Issue will not be underwritten.

Reynolds Pen Co., Chicago
May 4 filed 400,000 shares of common stock (no par), of which 100,000 shares are being sold by company and 300,000 by stockholders. **Underwriters**—Names by amendment. **Offering**—Terms by amendment. **Proceeds**—Net proceeds to the company will be added to working capital.

Rheem Manufacturing Co.
June 26, 1946 filed 200,000 shares ($1 par) common stock. **Underwriters**—Blyth & Co., Inc. **Offering**—Company will sell 130,000 shares to the public through the underwriters and 70,000 shares to Bethlehem Steel Co. **Price**—By amendment. **Proceeds**—Working capital. Temporarily postponed.

● **Riegel Textile Corp., New York**
Aug. 30 (letter of notification) 2,940 shares of $10 par common. Offering price, $37.50 a share. Underwriting, Henry T. Mills, Greenville, S. C. To reimburse treasury for previous expenditures.

Rowe Corp., New York
July 29 filed 100,000 shares common stock. **Underwriters**—Hayden, Stone & Co. **Offering**—The selling stockholders, who include Robert Z. Greene, President, are offering the shares to the public through the underwriters, for their own account. Price, by amendment.

● **Sac County Electric Co., Sac City, Iowa**
Sept. 5 (letter of notification) 1,500 shares of 4½% cumulative preferred, ($100 par). Offering price, $100 a share. No underwriting. For redemption of 7% cumulative preferred, Series A, and 6% cumulative preferred, series B, and to acquire new equipment.

San-Nap-Pak Mfg. Co. Inc., New York
July 24 filed 80,000 shares ($1 par) common stock. **Underwriters**—Dunne & Co., New York. **Offering**—Price by amendment. **Proceeds**—Nat E. Heit, President and director, and Harry Preston, board Chairman, Secretary and Treasurer, will receive net proceeds as selling stockholders.

Sardik Food Products Corp., New York
May 29 filed 175,000 shares of capital stock (no par). **Underwriter**—George F. Breen, New York. **Offering**—Stock will be offered to public at $14 a share. Of the total being offered company is selling 155,000 shares and the remaining 20,000 shares are being sold by two stockholders. **Proceeds**—Working capital, purchase equipment and plant, etc.

Scovill Manufacturing Co. (9/23)
Aug. 15 filed 149,548 shares ($25 par) common stock. **Underwriters**—Morgan Stanley & Co., New York. **Offering**—Common is offered for subscription to stockholders of record Sept. 5 at the rate of one share for each seven shares held at $30 per share. Rights expire Sept. 20. Unsubscribed shares will be sold to underwriters. **Proceeds**—Company will use net proceeds to pay bank loan and to finance the purchase of additional machinery, equipment and buildings.

Scripto, Inc., Atlanta, Ga.
Aug. 7 filed 25,000 shares ($10 par) 5% cumul. convertible preferred stock and 244,000 shares ($1 par) common stock. **Underwriters**—Clement A. Evans & Co., Inc., Atlanta. Price by amendment. **Proceeds:** Company is selling the 25,000 shares of preferred to the underwriters at $10 a share and stockholders are selling a minimum of 220,000 and a maximum of 244,000 shares to the underwriters at $5 a share. The registration stated that 24,000 of the 244,000 shares of common are being reserved for a period of four days following the effective date of the registration for sale to employees, officers and directors at $5 a share. The company also is selling 200,000 stock purchase warrants to executives of the company at 50 cents a warrant. Company will use its proceeds for general corporate purposes.

Seaboard Finance Co., Washington, D. C.
Aug. 29 filed 240,000 shares of common stock (par $1). **Underwriters**—Van Alstyne, Noel & Co., and Johnston, Lemon & Co. **Offering**—Certain stockholders are selling 140,000 issued and outstanding shares. Company is offering 100,000 shares. Price by amendment. **Proceeds**—From company's 100,000 shares proceeds will be used to reduce outstanding bank loans and commercial paper and for other corporate purposes. **Business**—Personal finance business.

Solar Manufacturing Corp.
June 14 filed 80,000 shares of $1.12½ cumulative convertible preferred stock, series A (par $20). **Underwriters**—Van Alstyne, Noel & Co. Price by amendment. **Proceeds**—Net proceeds will be applied for the redemption of outstanding series A convertible preferred stock which are not converted into common stock. Such proceeds also will be used for additional manufacturing facilities in the amount of $600,000; for additional inventory amounting to $400,000, and for additional working capital.

● **Soss Manufacturing Co., Detroit, Mich.**
Sept 3 filed 40,000 shares ($25 par) 5% cumulative convertible preferred. **Underwriter**—Ames, Emerich & Co., Inc., Chicago. **Offering**—To be offered to common stockholders for subscription at $25 a share in the ratio of one preferred share for each five shares of common held unsubscribed shares will be sold to underwriters at same price. **Price** — Public offering price of unsubscribed shares by amendment. **Proceeds**—For expansion of plant facilities and for additional working capital. **Business**—Manufacture of hinges and metal stampings.

● **Southern Airways Co., Birmingham, Ala.**
Sept. 5 (letter of notification) 12,894 shares ($1 par) common. Offering price $22.50 a share. No underwriting. For development, inventory expenses, and additional working capital.

● **Southern Ice Co., Charleston, S. C.**
Aug. 30 (letter of notification) 5,000 shares ($1 par) common on behalf of Stone & Webster, Inc. The stock will be sold to the following five purchasers: J. B. Mahoney; Frost, Read & Simons; Kinloch, Huger & Co.; James Conner & Co.; and E. H. Pringle & Co., all of Charleston, S. C. Notification stated that Stone & Webster has been advised by J. B. Mahoney that some or all of the persons named above propose to offer to the public commencing on or about Sept. 11 some or all of the shares at the market price. The company denies that any of the persons will be underwriters of the present sale. Proceeds go to the selling stockholder.

Southern Ice Co., Charleston, S. C.
Aug. 30 (letter of notification) 5,000 shares ($1 par) common on behalf of Stone & Webster, Inc. The stock will be sold to five purchasers at $12 a share. These persons, the notification stated, may reoffer the shares publicly at the market price. There will be no underwriting in the present sale and proceeds go to the selling stockholders.

● **Southwestern Public Service Co., Dallas, Texas**
July 24 filed $20,000,000 of first mortgage bonds, series due 1976. **Underwriters**—To be supplied by amendment. Probable bidders include Dillon, Read & Co. Inc.; Halsey, Stuart & Co. Inc., and Blyth & Co., Inc. Price by amendment. **Proceeds**—Net proceeds, with other funds, will be used to redeem $17,500,000 of 3⅛% first mortgage bonds, due 1974, at 106⅛%, and to purchase the electric, water and ice properties of West Texas Utilities Co. located in the northwestern portion of the Texas Panhandle for $2,135,000.

Soya Corp. of America
Aug. 28 filed 375,000 shares (par 1c) common stock. Underwriter by amendment. **Proceeds**—To repay RFC loan, to buy Canton Mills, Inc. and for working capital. Price by amendment.

● **Standard Brands, Inc., New York**
Sept. 6 filed 220,000 shares (no par) cumulative preferred stock. **Underwriters**—Dillon, Read & Co. Inc. and Blyth & Co. **Offering** — Offering is subject to an offer of exchange to holders of company's 200,000 outstanding shares of $4.50 cumulative preferred. In the event the public offering price of the new preferred is $100 a share, holders of the old preferred will be granted the opportunity to exchange their stock for new preferred at the rate of 1 1/10th shares of new preferred for each share of old preferred. **Price** — By amendment. **Proceeds** — Company will use net proceeds from any shares sold to the public to redeem all unexchanged shares of old preferred at $110 a share. **Business**—Manufacture and processing of primarily food products and foodstuffs.

State Street Exchange, Boston, Mass.
July 1, 1946 filed $1,750,000 second mortgage 4% non-cumulative income bonds, due 1961. **Underwriters**—Roger W. Babson, Wellesley Hills, Mass., and Charles F. Ayer. **Offering** — Company will issue $750,000 of the bonds to two banks which hold two first mortgages on all of the company's real estate and the remaining $1,000,000 of the bonds will be offered to the company's stockholders in the ratio of one bond for each unit of 3½ shares of stock held. Unsubscribed shares will be sold to underwriters. Price to stockholders $27.50 a share and price to underwriters $26.50 a share. **Proceeds**—Company will pay $225,000 to the two banks holding its mortgages and the balance will be retained for necessary repairs to its real estate.

Steep Rock Iron Mines Ltd., Ontario
March 27 filed 500,000 shares of capital stock (par $1). **Underwriters**—Otis & Co. **Offering**—Price to public 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.

Stern & Stern Textiles, Inc., New York
Aug. 29 filed 191,000 shares of common stock ($1 par). **Underwriter**—Carl M. Loeb, Rhoades & Co. **Offering**—Company is offering 51,000 shares and selling stockholders are disposing of 140,000 issued and outstanding shares. Price by amendment. **Proceeds**—Proceeds from the sale of 51,000 shares by the company will be used to reimburse treasury for funds spent on June 26 to retire 5,000 shares of preferred stock, $100 par.

Stix, Baer & Fuller Co., St. Louis
Aug. 28 filed 102,759 shares common stock (par $5). **Underwriter**—Goldman, Sachs & Co. **Offering**—Eight selling stockholders are disposing of 62,000 shares, and the company will offer 40,759 shares initially to its preferred and common stockholders. Price by amendment. **Proceeds**—Net proceeds from the sale of the company's shares will be added to its "building construction and improvement fund."

Street & Smith Publications, Inc.
July 17 filed 197,500 shares of common stock. **Underwriters**—Glore, Forgan & Co. **Offering**—The offering represents a part of the holdings of the present stockholders. Indefinitely postponed.

Sun Electric Corp. of Chicago
Aug. 28 filed 7,000 shares (par $100) 6% preferred stock. Underwriter, none. Stock will be sold by company's officers to employees and business acquaintances. **Proceeds**—For working capital, purchase of machinery and equipment.

Swern & Co., Trenton, N. J.
Aug. 28 filed 195,000 shares common stock (par $1). **Underwriter**—C. K. Pistell & Co., Inc. **Offering**—Company is selling 45,000 shares, and eight selling stockholders are disposing of the remaining 150,000 shares. **Price**—$10.50 a share. **Proceeds**—From 45,000 shares sold by company will be applied to working capital initially.

Tampa Electric Co., Tampa, Fla. (9/25)
Aug. 27 filed $7,500,000 first mortgage bonds, series due 1976. **Underwriter**—Goldman, Sachs & Co. Price by amendment. **Proceeds**—To prepay a 2¾% promissory note to Equitable Life Assurance Society of the U. S., and to finance construction program.

Taylor & Fenn Co., Hartford, Conn.
Aug. 30 (letter of notification) 11,250 shares of 4.32% cumulative convertible preferred stock. **Offering**—Price $26.50. **Underwriter** — Putnam & Co., Hartford. The shares initially will be offered for subscription to present stockholders. Unsubscribed shares will be offered to the public. **Proceeds**—Company will use proceeds for construction of a new foundry in Windsor, Conn., or elsewhere in Connectiut.

Taylor-Graves, Inc., Saybrook, Conn.
July 12 (letter of notification) 44,300 shares of ($5 par) cumulative convertible preferred stock and 44,300 shares common stock (par 50c). **Offering**—Price $6 a share for preferred and 75 cents a share for common. **Underwriter**—Amos Treat & Co. **Proceeds**—For payment of notes, mortgages and for general corporate purposes.

Tele-Tone Radio Corp., New York
Aug. 1 filed 210,000 shares of common stock (par 50 cents). **Underwriters**—Hirsch & Co. **Offering**—Company is offering 75,000 of the shares registered. Eleven stockholders are selling 135,000 issued and outstanding shares, for their own account. **Offering**—Price $6.75 a share. **Options**—Selling stockholders are also selling to the underwriters at 7 cents per option warrant options to purchase 18,000 shares of the issued and outstanding common owned by them. They are also selling to Hallgarten & Co., for $1,500, plus $360 as a contribution toward the expenses of issuance, options to purchase an additional 18,000 shares of the issued and outstanding common. **Proceeds**—Net proceeds for the sale of company's 75,000 shares will be used for increasing working capital, with a view to entering the Frequency Modulation and Television fields at an advantageous time.

● **United Funds, Inc., Kansas City, Mo.**
Aug. 30 filed united income fund shares and united accumulative fund shares. **Underwriting**—Herrick, Waddell & Co., Inc., New York, is exclusive selling agent. **Offering**—United income fund shares will be offered to the public but united accumulative fund shares is being offered to holders of its outstanding stock purchase agreements. **Price**—At market. **Proceeds**—For investment. **Business**—Investment house.

United States Shoe Corp., Cincinnati, Ohio
Aug. 25 filed 24,000 shares ($4 par) common. **Underwriter**—Benj. D. Bartlett & Co., Cincinnati. **Offering**—Shares will be offered to the public by seven stockholders, who will receive the entire net proceeds. Price by amendment.

Upper Michigan Power & Light Co., Escanaba, Mich.
July 18 (letter of notification) 5,500 shares of 4¼% first preferred stock series B ($50 par). Offering price, $50 a share. **Underwriter**—First of Michigan Corp., Detroit. **Proceeds**—For enlargements and improvements of power plant facilities.

Velvet Freeze, Inc.
July 24 filed 203,500 shares of stock which are to be sold for the account of certain stockholders. **Underwriters**—Sherck, Richter & Co., and Straus & Blosser. **Offering**—Of the total, 200,000 shares will be sold through the underwriting group at $8.50 a share, and 3,500 shares will be offered to certain employees at $7.50 a share.

Virginia Dare Stores Corp., N. Y.
July 3 filed 90,000 shares of 5% cumulative convertible preferred stock, ($10 par). **Underwriters**—Newburger & Hano; Kobbe, Gearhart & Co., Inc., and D. Gleich Co. **Offering**—Underwriters propose to offer the shares in part to the public and the balance to certain dealers, among whom any underwriter may be included, at the public offering price, less certain concessions. Price $10 per share. **Proceeds**—It is presently anticipated that $437,500 will be used to acquire the capital stock of Williams Stores, Inc., and Levitt Millinery Co. The balance will be applied to general corporate purposes. Issue temporarily postponed.

Webster Electric Co., Racine, Wis.
Sept. 3 filed an unspecified number of shares of common stock (par $1). **Underwriting**—Loewi & Co., Milwaukee. **Offering**—The shares are being sold both by the company and by shareholders. The respective amounts will be supplied by amendment. Price by amendment. **Proceeds**—Company will use about $210,000 of its net proceeds to redeem 645 shares of its prior preference stock at $110 a share and accrued dividends, and 1,386 shares of second preference stock at $100 a share and accrued dividends. The balance will be added to general corporate funds.

Weetamoe Corp., Nashua, N. H.
July 15 filed 200,000 shares ($25 par) $1.20 cumulative pfd. stock, 100,000 shares of ($1 par) convertible stock and 650,000 shares ($1 par) common stock. **Underwriters**—Blair & Co., Inc., Reynolds & Co., New York and Maxwell, Marshall & Co., Los Angeles. **Offering**—The preferred and convertible stocks will be offered in units of one share of preferred and one-half share of convertible. Price by amendment. **Proceeds**—Weetamoe Corp. (Name to be changed to Nashua Manufacturing Co. prior to effective date of registration) was incorporated June 27, 1946 to acquire the operating properties and certain other assets of Nashua Manufacturing Co. which was incorporated in 1823. The new company was organized at the instance of Textron, Inc., and is wholly-owned subsidiary, Textron Mills, Inc., which are promoters of the new company. Net proceeds, together with $2,300,000 representing the proceeds from the sale of 50,000 shares of convertible stock to the underwriters and 525,000 shares of convertible stock to Textron, Inc., at $4 a share, will be used as follows: approximately $13,000,000 for payment of a portion of the purchase price of the assets to be acquired from the old company, about $100,000 for organization expenses, and about $1,100,000 for working capital.

● **Western Crude Oil Co., Venice, Calif.**
Sept. 4 (letter of notification) 250,000 shares of common on behalf of the company and 100,000 shares on behalf of Henry L. Rath, President. Offering price, 10 cents a share. Underwriting, the company and officers. For further drilling operations to develop petroleum gas.

Western Tin Mining Corp., Washington, D. C.
August 16 filed 315,185 shares (one cent par) common stock. **Underwriter**—No underwriting. **Offering**—To the public. **Price**—$1 a share. **Proceeds**—To do geographical work on tract of land for exploration of tin ore. **Business**—Development of tin mine.

Westinghouse Electric Corp.
Aug. 14 filed 1,647,037 shares ($12.50 par) common. **Underwriter**—Kuhn, Loeb & Co. **Offering**—Stock will be offered for subscription to holders of outstanding preferred stock and common stock in ratio of ⅛ share for each share of common or preferred held. Unsubscribed shares will be sold to underwriters. **Price**—By amendment. **Proceeds**—To reduce bank loans. Offering temporarily postponed.

West Virginia Water Service Co.
Aug. 6 filed 46,400 shares (no par) common. **Underwriter**—Shea & Co., Boston. Price, by amendment. **Proceeds**—Shea & Co. is selling 26,400 shares for its own account and the remaining 20,000 shares are being sold by Allen & Co., New York, with Shea as underwriter.

Wheatley Mayonnaise Co., Louisville, Ky.
Aug. 16 (letter of notification) 10,000 shares ($5 par) common, to be offered for subscription to stockholders at $10 a share in the ratio of one share for every five shares held. No underwriting. For retirement of bank loans and expansion program.

White Stag Mfg. Co., Portland, Ore.
Aug. 26 (letter of notification) $300,000 4½% cumulative preferred stock. **Underwriter**—Conrad, Bruce & Co. **Offering**—Price $100 a share. Proceeds for additional working capital.

White's Auto Stores, Inc., Wichita Falls, Texas
Aug. 29 filed 75,000 shares $1 cumulative convertible preferred stock ($20 par) and 50,000 shares common stock (par $1). **Underwriters**—First Colony Corp. and Childs, Jeffries & Thorndike, Inc. **Offering**—Company is offering 75,000 shares of preferred; the 50,000 shares of common are outstanding and being sold by four individuals for their own account. Price by amendment. **Proceeds**—Proceeds from the sale of the preferred stock will be used to provide funds for a wholly-owned subsidiary, retire loans from banks and from White's Employees Profit Sharing Trust, and for additional working capital.

Winters & Crampton Corp., Grandville, Mich.
Aug. 28 filed 119,337 shares of common stock (par $1). **Underwriter**—E. H. Rollins & Sons, Inc. **Offering**—Company is initially offering the stock to its common holders at the rate of one share for each two shares held. Price by amendment. **Proceeds**—To retire a conditional sales contract obligation held by the Reconstruction Finance Corp., pay off bank loans of $600,000, and for working capital.

Wisconsin Power & Light Co., Madison, Wis.
May 21 filed 550,000 shares ($10 par) common stock to be sold at competitive bidding. **Underwriters**—By amendment. Probable bidders include Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co.; Glore, Forgan & Co., and Harriman Ripley & Co. (jointly); The Wisconsin Co., and Dillon, Read & Co. **Proceeds**—Part of the shares are to be sold by Middle West Corp., top holding company of the System, and part by preference stockholders of North West Utilities Co., parent of Wisconsin, who elect to sell such shares of Wisconsin common which will be distributed to them upon the dissolution of North West Utilities Co.

(Continued from page 1414)

Prospective Security Offerings

(NOT YET IN REGISTRATION)

• INDICATES ADDITIONS SINCE PREVIOUS ISSUE

[EDITOR'S NOTE—The strike of truckmen in New York City, having cut off delivery of newsprint to us, we have been obliged to effect certain economies in today's issue in order to conserve stock on hand. Accordingly, we are limiting our coverage of "prospective" financing in this issue to only those undertakings which have come to hand during the past week, thus omitting the items of this nature which were previously carried in our columns on Sept. 5. We regret the necessity for this action and will resume the usual complete tabulation as early as circumstances permit.]

• American Power & Light Co.
Sept. 6 company filed with the SEC a plan for retirement of its $6 and $5 preferred stocks, through voluntary exchange for common stocks of five of the company's subsidiaries or through later payment of cash. The plan would establish the fair and equitable value of the rights on June 30, 1946, of each $6 preferred share at $150, and of each $5 preferred share at $137. There are 793,581 shares of the former issue and 978,444 shares of the latter issue outstanding. On the basis established in the plan, the value of both preferred stock rights combined would total $253,084,000. Upon approval by the SEC and issuance of an order by a U. S. District Court, the company will sell at competitive bidding 15% of the common stocks of five subsidiaries, namely, Florida Power & Light Co., Kansas Gas & Electric Co., Minnesota Power & Light Co., Montana Power Co. and Texas Utilities Co. The remaining 85% of the stocks of these utilities would be divided ratably into exchange units to be offered to American Power & Light preferred shareholders.

• California Pacific Utilities Co.
Company has asked the California Railroad Commission for permission to issue at competitive bidding $1,670,000 first mortgage bonds, series B, due August 1, 1971, and 33,610 shares ($20 par) common stock to finance its recent purchase of Eastern Oregon Light & Power Co. in Union County, Oregon.

• Di Giorgio Fruit Corp.
Sept. 5 stockholders voted to create a new class of non-participating preferred stock, $3 cumulative and junior to the present $3 cumulative participating preferred in respect to both dividends and assets. It is planned to offer present preferred stockholders an opportunity to exchange their shares for shares of such new preferred and class B common stock on the basis of one share of new preferred and one share of Class B common for each share of outstanding $3 cumulative participating preferred.

• Ekco Products Co.
Sept. 6 stockholders voted to create a new issue of $7,500,000 preferred stock and to increase authorized common stock from 750,000 to 1,500,000 shares to permit a two-for-one split of outstanding common stock. It is proposed to offer publicly $6,000,000 of new convertible preferred and 40,000 new common shares. Union Securities Corp. is expected to head the underwriting group. Part of the proceeds from the financing will be used to retire 4½% preferred stock at $110 a share, and the remainder will be added to general funds to replace amounts spent for new plants and equipment.

• Florida Power Corp.
Sept. 9 corporation applied to the Federal Power Commission for authority to issue an additional 200,000 shares of common stock. The additional shares are to be offered through rights to present common stockholders in the ratio of one new share for each five shares now held, at a price to be determined by the directors. Stockholders are to vote October 14 on increasing authorized common stock. Proceeds of the sale of the additional common stock are to be applied to the cost of necessary additions to the company's plant facilities.

• Republic Aviation Corp.
Sept. 27 stockholders will vote on authorized new issue of 200,000 shares (par $50) preferred stock; increasing common from 2,000,000 to 2,500,000 shares and eliminating 72,000 authorized but unissued convertible first preferred stock. Probable underwriters include Hayden, Stone & Co. and Kidder, Peabody & Co.

• Sioux City (Iowa) Stock Yards Co.
Sept. 16 stockholders will vote on creating a new issue of $1,000,000 1st mortgage sinking fund 3½% bonds due Sept. 1, 1966. Proceeds will be used to retire $971,000 4% bonds due 1951. Sale of new issue negotiated.

• United Aircraft Products, Inc.
Sept. 26 stockholders will vote on authorizing issuance of 211,162 additional shares of common stock (par 50¢). Of the total, 123,824 shares would be reserved for conversion of new preferred (not yet issued) and balance would be reserved for working capital. Company also is asking that only 46,434 shares of preferred be authorized for issuance instead of 75,000 shares as provided originally. Company states there is no present intention of issuing either the preferred or the unrequired portion of the common, but wants to be in a position to increase cash reserves on short notice.

• Wheeling & Lake Erie Ry. (10/1)
Company is inviting bids for $1,720,000 of equipment trust certificates dated Oct. 1, 1946, and maturing from April 1, 1947, to Oct. 1, 1956. Bids will be opened on Oct. 1. The company stipulated that bidders must name a price of at least 99.

Our Reporter's Report

Fast-moving events of the last fortnight, coming in the wake of mild stiffening of short-term money rates a brief while back, have made for considerable discussion among underwriters of new securities as regards the near-term outlook for the new issue market.

The more conservative among the investment bankers had been warning in recent months that the emission of new equity securities had attained portions which threatened severe congestion. Such warnings, however, went unheeded until the condition warned of developed.

Backing up of new equity issues became quite a problem for sponsoring firms and their dealers in advance of the current collapse in the seasoned market. The latter has merely served to emphasize the condition, and it is a pretty generally accepted belief at the moment that further financing along such lines will be extremely light between now and the close of the year.

This does not involve, of course, projects of large, established concerns a number of which have been moved to defer such undertakings pending return of stability to the market.

Neither is it expected to seriously retard new debt financing which may be in process of preparation. But it is generally conceded that underwriters will have to regard what has passed as a closed chapter and start out with a new book adjusting themselves to the changes that have taken place in the general picture.

Competitive Bidding

The next large financing deals which go through under the competitive bidding rules of the Securities and Exchange Commission or the Interstate Commerce Commission are destined to be watched with great interest.

Some bankers are of the opinion that these undertakings, as they develop, will reflect decidedly revised ideas of values that have come about as a consequence of the current upset.

Perhaps on the theory that considerable capital is temporarily frozen in slow-moving new issues, the idea seems to be that underwriters will be more wary in their bidding. In fact those of long experience are of the belief that wide spreads will separate the bids of various groups in the period ahead.

Columbia Gas & Electric

Decision of the Securities and Exchange Commission to exempt the $77,500,000 of new 25-year debentures of Columbia Gas & Electric Corp., from competitive bidding was hailed in investment banking circles.

The ruling was accepted however, merely as an indication of the ability of the Commission to take a practical view of things when conditions warrant such a move and not as any unbending of the agency's determination to hold out for competitive sales as a general rule.

The issue is a large one and of proportions which investment bankers ordinarily dislike to undertake on a competitive basis for the reason that the ultimate in distributive strength is needed.

In this particular instance the issue involved will have the efforts of 162 underwriters back of it rather than 108 or 54 which would have been the case had one of the two groups, now joined, acquired it in competition.

A Case in Point

Curent sale of 1,447,525 shares of common stock of Cincinnati Gas & Electric Co. for the account of Columbia Gas & Electric Co., offers a case in point, in the argument against sending such huge projects over the competitive route.

This stock was offered first to Columbia Gas stockholders on a one for six basis at $26 a share, the offering price to the public. But the sharp break in the market evidently dampened the ardor of Columbia stockholders who took only 592,475 shares of the total of 2,040,000 available to them.

Bankers who negotiated to underwrite this deal, however, came into the breach with an aggregation of 232 underwriters thus assuring virtually the widest spread possible in the risk involved and likewise the just about the ultimate in distributive effort.

Big Issues Put Over

The market's crack has resulted in decisions by issuers to postpone a number of large company stock offerings of which the biggest is the Westinghouse Electric's proposal to sell 1,647,037 additional common shares.

Standard Gas & Electric put off its sale of 140,614 shares of Mountain States Power Co. common; Consumers Power has deferred sale of $20,000,000 of new common and Artloom Corp. is delaying offering to shareholders of 148,633 additional shares. These are but a few of the larger deals which have been sidetracked.

H. D. Knox Incorporates

H. D. Knox & Co., 11 Broadway, New York City, is now doing business as a corporation. Officers are Herbert D. Knox, President; Frank T. Harrington, Vice-President, Margaret J. Wolf, Secretary and Treasurer, and Bertha M. Walker, Assistant Secretary. All have been with the firm for some years, Mr. Knox and Miss Wolf having been partners in the organization.

W. H. Burnham With F. S. Smithers & Co.

F. S. Smithers & Co., 115 Broadway, New York City, members of the New York Stock Exchange, announce that William H. Burnham has become associated with the firm. Until recently, Mr. Burnham was assistant to Major General G. B. Erskine, USMC, in the national program of the Retraining and Reemployment Administration. Prior to his war service, Mr. Burnham spent sixteen years in the securities business and was a partner in Dixon & Company when he entered service.

Harrison & Co. Admits Daffron As Partner

PHILADELPHIA, PA.—Harrison & Co., 123 South Broad Street, members of the Philadelphia Stock Exchange, have admitted Robert E. Daffron, Jr. to partnership in the firm. Mr. Daffron was formerly with Kidder, Peabody & Co.

Courtney With R. F. Ruth

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—James D. Courtney has become associated with R. F. Ruth & Co., 639 South Spring Street. He was formerly with Quincy Cass Associates and G. Brashears & Co. for several years.

Wall Street Trying Hard to Explain Stock Sell-Off

(Continued from page 1380)

soon strike a floor in prices but what they mean by "soon" they don't really know themselves. As they see it, there are positive as well as negative factors in the market. The potential "real" demand for goods, for instance, is as insatiable at the present time and will continue to be as insatiable for some considerable time yet, as it has been since the closing days of the war and before, in their opinion, and constitutes even now a force that should be included in any estimate of the factors at work in the market. One view often expressed on Wall Street is that the liquidation will continue for six months at least. If this idea turns out to be correct, a new bull market should get under way in the spring or sooner.

A particularly well-informed source claims there is abundant evidence of the wholesale "dumping" of securities on the market by country investors, acting on the advice of their banks, who bought the securities with money obtained through supposedly "no-purpose" loans they obtained from these banks on real estate or other collateral. The violence of the decline in stock prices—which, according to this source, has often been greater than during the '29 crash—can be understood, in part at least, only in the light of this kind of information.

Several analysts in both business and academic circles believe that they see the same forces at work in the market now as were present after the last war. According to this view, very well described by Leonard Ayres of the Cleveland Trust Company in his now famous theory of the business cycle, after every major war there are two depressions, a primary and a secondary, and before each of these depressions the stock market drops as a sort of warning of events to come. The present phase of the stock market would, after this view, be heralding the first or primary depression in this scheme. Academic circles of this trend of thinking, however, did not expect a stock market break for several months yet.

Students of the cycle—and today who in the money and securities market isn't?—however, should probably analyze the present situation independently from any particular point of view though they should consider what the various points of view have to offer.

One opinion popular in current economic thinking is that a depression is to be likened to a nervous breakdown and is as difficult to describe or explain. Perhaps so.

One government analyst sees in the decline of stock prices a return to sanity. In his opinion, the government economists knew at the beginning of this year that a break in stock market prices was due. A government critic, however, makes the point that the government economists have erred badly during the last year, as for instance when they predicted a severe slump in employment this last spring. It was this estimate of the probable future trend of employment that led the Administration to sanction increases in wages to bolster the purchasing power held necessary to maintain a high level of employment. Such part of the blame for the present drop in stock prices that is due to labor unrest can be laid very properly at the Administration's door, this critic holds. The worst strikes are probably over now, however, this critic thinks.

The charge which Rep. Sabath, Democrat of Illinois, made last Saturday that the great break in Wall Street was "contrived to affect the coming elections" for Congressional and State offices also seems ridiculous to many. The publication by the SEC of any list of "insiders" who supposedly started the avalanche of selling by disposing of their huge holdings first would in itself not be proof of any political intent. Coincidence is not conspiracy. Because it might have happened that similar decisions were made on a rather wide front at the same time is not conclusive evidence of political motivation. The SEC would have to do more than merely publish a list of names to support any such contention.

This attempt to place the responsibility for the present decline in stock market prices on Wall Street has already begun to boomerang against the Administration, however. Wasn't it the Administration's purpose in shackling the Wall Street community with all sorts of restrictions on trading, such as the SEC and the like, to prevent just such a crash as is now taking place in the market? It is clear that the carefully planned governmental restrictions have not prevented another break! The market trend, as a matter of fact, serves as a fresh illustration that it is impossible for any small group of administrators at some central point to control the economic processes of an entire nation.

The Administration's political skirts with regard to stock market activity can not be said to be exactly clean in another direction, either, says one observer. Byrnes' rather inept handling of the international situation is nothing for the country to be very proud about, he feels. Russia's stupid behavior, too, is no sign that the seeds of a new conflict are not even now being sown. America and Russia are new and relatively inexperienced at the game of international diplomacy. Diplomatic-wise England, however, is succeeding very well in hurling two of her potential economic and military foes against each other and so strengthening her own position in the world. It is the old British game: Divide and rule. Russia needs the United States more than the United States needs her. If the international diplomats were as concerned with saving their peoples as with saving their faces, the world would right now be concentrating its efforts on the production of peacetime goods instead of diverting its energies toward a possible renewal of military activities.

One opinion that is held on Wall Street is that Byrnes is giving the impression of being tough with Russia at the present time only to make it possible for the Democrats to counteract Republican charges of leftism in Democratic policies in the coming electoral campaigns. Whatever the rumor of impending war with Russia may amount to, the mere fact that such a rumor is abroad does not help the general financial situation any. And about everyone on Wall Street agrees to that. Just after the Pearl Harbor incident, stock prices fell in New York. It was not until after the war situation cleared up somewhat that stock prices went up again. Another war would have to be financed with paper money, too, just as was this last war, and the financial disequilibrium that this could cause is a fact that some sections of the market are not losing sight of.

An important factor in the present situation, according to several Wall Street observers, is the low productivity of labor. Labor has got to do more than just get tough to get higher pay, it is held. Increased "real" earnings can come only from good hard work. Machines are supposed to lighten man's labors on this earth and so they inevitably will again—in time.

The stock market broke, as one analyst very aptly put it, because there has been an accumulation of unfavorable factors. The market just hasn't received any encouraging news for a long time, he contends.

The securities market is suffering from an acute case of indigestion, according to many in Wall Street. The market is "tired," they hold. It is being called on to carry too heavy a load. Many unlisted securities have been looking for buyers in the over-the-counter market for some time, for instance, it is pointed out. In the view of one analyst familiar with "governments," Mr. Eccles, after testing the market with the 100% margin requirements last January, strained the market, too, by selling $4,500,000,000 of government securities. Foreign loans are also absorbing American funds, says another observer.

New issues have also been crowding the investment market, it is held. The announcement by A. T. & T. that it planned to put 10,000,000 more shares on the market, for instance, came as something of a shock to the Wall Street fraternity. It was difficult for investors to see how the company could continue to pay a $9 dividend. In some quarters, however, it was pointed out that recently when General Electric, for instance, obtained a $50,000,000 loan from a dozen banks, it was merely taking advantage of its ability to borrow at a low rate of interest (1%).

A large number of brokers feel that the stock market is unable to cope effectively with the present situation because of the severe governmental restrictions which have been clamped down upon it during the last decade and more. The market is "thin"—that is, lacks buyers—for instance, they think, because of the 100% margin rule. The Association of Customers' Brokers has been seeking for some time to get the Federal Reserve to relax its margin restrictions and it will take the matter up for discussion again at its annual meeting next Wednesday. Perhaps it would be correct to point out here that the opinion pretty generally held in Wall Street is that Mr. Eccles is so much opposed to any relaxing of the present rules on margin trading that only a major political change in Washington could provide any basis for hope that the rules could be altered. It would be equally correct to point out that in a few Wall Street quarters—though perhaps only a few—the thinking on the question of margins is identical to that of Mr. Eccles.

Some Wall Street observers believe, too, that the stock market today can not be considered a true barometer of business trends for the reason that the restrictions prevent the operation of a truly free and so really representative market capable of mirroring the business picture as it actually is.

Another commentator says that large inventories are being held by some of the manufacturing companies for speculative purposes and is a factor affecting the general situation in the stock market.

And so the opinions for the break in market go.

With Walston Hoffman

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Percy B. Roman is with Walston, Hoffman & Goodwin, 650 South Spring Street. He was previously with Sutro & Co. and Hopkins, Hughey & Co.

Hickory Securities

HICKORY, N. C.—Officers of Hickory Securities Corporation, 1357 Union Square, are now Thomas A. Mott, Jr., President and Treasurer; Thomas A. Mott, Vice-President and M. E. Mott, Secretary.

Light, Wofsey & Co. Is Formed in Baltimore

BALTIMORE, MD.—Light, Wofsey and Co., 225 East Redwood Street, is engaging in the securities business from offices at 225 East Redwood Street. Partners are Abraham A. Light; Marvin M. Wofsey; and Leo N. Light.

Muller & Co. Dealer Firm

EAST ORANGE, N. J.—Herman B. Muller has formed Muller & Co. with offices at 42 South Maple Street to engage in the securities business. Mr. Muller was formerly connected with Pascal & Beckelman.

Moyer & Co. Admit

PHILADELPHIA, PA.—Clarence L. Moyer, Jr., has been admitted to partnership in Moyer & Co., 1500 Walnut St., members of the Philadelphia Stock Exchange and New York Curb Exchange.

DIVIDEND NOTICES

Exide BATTERIES

THE ELECTRIC STORAGE BATTERY COMPANY

184th Consecutive Quarterly Dividend

The Directors have declared from the Accumulated Surplus of the Company a dividend of fifty cents ($.50) per share on the Common Stock, payable September 30, 1946, to stockholders of record at the close of business on September 16, 1946. Checks will be mailed.

H. C. ALLAN,
Secretary and Treasurer

Philadelphia 32, September 6, 1946

EATON & HOWARD BALANCED FUND

The Trustees have declared a dividend of 20 cents a share payable September 25, 1946 to shareholders of record at the close of business September 16, 1946.

Sept. 12, 1946 24 Federal Street, Boston

EATON & HOWARD STOCK FUND

The Trustees have declared a dividend of 10 cents a share payable September 25, 1946 to shareholders of record at the close of business September 16, 1946.

Sept. 12, 1946 24 Federal Street, Boston

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"

September 4, 1946

THE Board of Directors on September 4th, 1946 declared a quarterly dividend of 37½c per share on the outstanding Common Stock of the Company, payable on the 30th day of September, 1946 to stockholders of record at the close of business on the 13th day of September, 1946. Checks will be mailed.

CHARLES C. MOSKOWITZ,
Vice President & Treasurer

OFFICE OF LOUISVILLE GAS AND ELECTRIC COMPANY

The Board of Directors of Louisville Gas and Electric Company (Delaware) at a meeting held on September 6, 1946, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company for the quarter ending September 30, 1946, payable by check September 25, 1946, to stockholders of record as of the close of business September 16, 1946.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending September 30, 1946, payable by check September 25, 1946, to stockholders of record as of the close of business September 16, 1946.

G. W. KNOUREK, Treasurer

New York & Honduras Rosario Mining Company

120 Broadway, New York 5, N. Y.

September 11, 1946.

DIVIDEND NO. 376

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the third quarter of 1946 of One Dollar and Fifteen Cents ($1.15) a share on the outstanding capital stock of this Company, payable on September 28, 1946, to stockholders of record at the close of business on September 18, 1946.

W. C. LANGLEY, Treasurer.

Miller Wallace Securities Co. in Washington, D. C.

WASHINGTON, D. C.—The Miller-Wallace Securities Company has been formed with offices in the Evans Building. Officers are Thomas B. Miller, President and David W. Wallace, Secretary-Treasurer. Mr. Wallace formerly did business as an individual dealer in Washington; Mr. Miller was associated with him.

King Merritt & Co. Inc.

King Merritt & Co., Inc. is conducting a securities business from offices at 55 Liberty Street, New York City. King Merritt is President and Treasurer of the firm. Mr. Merritt was formerly an officer of Investors Syndicate Title & Guaranty Co.

DIVIDEND NOTICES

International MINERALS & CHEMICAL CORPORATION

General Offices
20 North Wacker Drive, Chicago

★

A Dividend was declared by the Board of Directors on September 5, 1946, as follows:

4% Cumulative Preferred Stock
18th Consecutive
Regular Quarterly Dividend
of One Dollar ($1.00) per share.

Payable September 30, 1946, to stockholders of record at the close of business September 20, 1946.

Checks will be mailed.

Robert P. Resch
Vice President and Treasurer

Mining and Manufacturing
Phosphate • Potash • Fertilizer • Chemicals

RADIO CORPORATION OF AMERICA

RCA

Dividend on First Preferred Stock

At the meeting of the Board of Directors held today, a dividend of 87½ cents per share, for the period July 1, 1946 to September 30, 1946, was declared on the $3.50 Cumulative First Preferred Stock, payable October 1, 1946, to holders of record at the close of business September 16, 1946.

A. B. TUTTLE, *Treasurer*

New York, N. Y., September 6, 1946

THE TEXAS COMPANY

TEXACO

176th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on October 1, 1946, to stockholders of record as shown by the books of the company at the close of business on September 6, 1946. The stock transfer books will remain open.

L. H. LINDEMAN
August 16, 1946 *Treasurer*

WICHITA RIVER OIL CORPORATION

Dividend No. 2

A dividend of Twenty-five cents (25¢) per share will be paid October 15, 1946 on the Common Stock of the Corporation, to stockholders of record at the close of business September 30, 1946.

JOSEPH L. MARTIN, *Treasurer*

September 10, 1946.

Wall Street Union Overwhelmingly Rejected By Employees of Two Large Brokerage Houses

In elections conducted by the State Labor Relations Board last week, the United Financial Employees was rejected as bargaining agent 197 to 115 by employees of Harris, Upham & Co. and 272 to 67 by the employees of Carl M. Loeb, Rhoades & Co. The union plans to file a complaint of unfair labor practice against Harris, Upham & Co., however. The UFE has also made application for an election at the Empire Trust Co. The United Office and Professional Workers of America, CIO, rebuffed by Bankers Trust Co.

Some of the wind was taken out of the United Financial Employees' sails last week when the employees of two of Wall Street's largest brokerage houses rejected the union as collective bargaining agent in elections conducted by the State Labor Relations Board. The U. F. E. was rejected 197 to 115 by the employees of Harris, Upham & Co. and 272 to 67 by the employees of Carl M. Loeb, Rhoades & Co.

The union apparently is still full of fight, however. It has announced its intention of filing charges of unfair labor proctices with the State Labor Board against Harris, Upham & Co. with the view to obtaining another election among the employees of that firm. The union claims that employees of the firm were intimidated by the company prior to the election. The union has five days after receipt of official notification of the election returns to file the complaint and up to yesterday this offical notification had not been received.

Application has also been made by the union for an election at the Empire Trust Company. This election will very likely be held sometime the latter part of next week, probably on Thursday.

By stepping into the banking field, the U. F. E. is entering an area already occupied by the United Office and Professional Workers of America, CIO. This CIO union, for instance, is right now seeking to open negotiations for a new contract with the Bankers Trust Company. Both this bank and the union have served upon one another notice of termination of the present contract which is scheduled to expire officially Sept. 21.

In a circular to all 2,500 employees of the bank, S. Sloan Colt, President of the bank, last week pointed out the bank did not desire to renew a contract dating back two years and subject to annual review. Mr. Colt also said the bank questions whether the union members now constitute a majority of the group involved.

"We recommend, therefore," Mr. Colt declared, "that the union petition the National Labor Relations Board for an election to determine whether a majority of the group still desires to be represented by the union. The law makes provision for the union to enter such a petition, but it does not provide for the employer to do likewise."

Whether the U. F. E. and the CIO union will ever clash for jurisdiction in the financial field or will carve out mutually exclusive areas for themselves by formal agreement or understanding is a question which might very well be asked at this time. Up to just a few days ago, it was believed, the two unions were both interested in an election at the Empire Trust Company but now apparently the CIO has graciously bowed itself out of this picture. The CIO reports "that some employees of Wall Street financial houses feel that a large national union can do more than an independent union for them."

In any case, unfolding events will undoubtedly reveal that both unions will be resisted by the financial industry which is inclined to take the view that in their field where individual initiative and unusual ability can get an employee far there is no room for unionism.

The unions are seeking pay increases wherever they can obtain bargaining rights for the employees. The industry, however, feels that in the light of bonuses and, in some cases, pensions, and other benefits, including some cost-of-living adjustments in pay which have been granted (such as by the New York Stock Exchange), the pay of employees does not compare unfavorably with that of workers of similar capacity in other fields, and in fact in some respects is greater.

Eastman, Dillon & Co. Publishes Attractive Brochure on "This Is Investment Banking"

Describing process by which new issues are placed on the market, the booklet does the very important job of throwing the spotlight on the socially useful function performed by the investment banker. The method by which industrial ventures are financed in this country is not thoroughly understood by even the investing public and the more such educational material of this character can be made available to all who will read the better for the investment industry itself.

An attractive brochure, entitled "This Is Investment Banking," is being distributed by Eastman, Dillon & Co., large New York brokerage and underwriting firm, and it is our guess that the demand for the booklet will increase the more investors and students of investment banking hear about it.

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Much of the popular hostility to Wall Street as revealed through political attitudes and in other ways, is due no doubt to the lack of accurate information which the people in general have about the New York financial community. We would recommend the further use of this excellent device by other Wall Street firms and also by the New York Stock Exchange to tell the story of finance as they see it.

The Eastman, Dillon brochure is complete in 16 pages of generous size and a light cardboard cover in several colors. Its contents include a generous sprinkling of pictures, including pictures of the partners of the firm, diagrams and even a comprehensive organization chart, showing the national connections of the firm.