Government Controls Undermine Common Stocks as Inflation Hedge

By HOWARD F. VULTEE
Vice-President, The Marine Midland Trust Co. of N. Y.

Bank investment authority, pointing out amazing similarities between techniques of great European inflations and American developments in last decade, shows Germany's imposition of state controls rendered investors unable to protect themselves. Tracing 10-year abortive results from typical fund diversely-invested in U.S., Mr. Vultee concludes the investor is the real "forgotten man."

Inflations are old stories to the world. Detailed knowledge of major inflations is of doubtless value today's investor because each inflation varies radically as to cause, form, and degree. However, they do have certain common characteristics that are interesting and important. They usually come out of periods of economic distress; they fail to accomplish their objectives and tend to bring drastic political and social changes, sometimes permanent. Certain phases of several of these great inflations are so similar to developments of the last decade or so in the United States that they deserve special comment. The following quotation is a case in point: "The vast reforms of that period, though having blessing politically, were a temporary evil financially. There was a universal want of confidence in business circles, illustrated by its known virtue. Political stability was the only thing most people valued." (Continued on page 30)

Monetary Reconstruction Lags

By JAMES D. MOONEY
President and Chairman of the Board, Willys-Overland Motors, Inc.

Industrialist depletes neglect in restoring paper currencies to soundness and contiunts, until this day, domestic and foreign stability cannot be attained. Great evidence of inflation in U.S. and other countries and points out result has been maladjustment in individual incomes leading to decline in general purchasing power. Holds prices should not be artificially "pushed down" and world-wide return to the gold standard.

The postwar reconstruction of the world on a stable basis for 1947, money one of the key elements in this recon¬struction. Since end of war little progress has been made toward restoring sound and dependable money. In some countries inflation has run wild. Such countries as Greece, Austria, China and many of the smaller countries have no economy, stability and that of the rest continually still has a long way to go. Money rose, according to the index number of the Bureau of Labor Statistics, from 7.1 to 149.4, an increase of 93.7%. From January 1, 1945, to March 29, 1947, the increase was from 107.1 to 149.4. Finally from December, 1946, to March 29, 1947, the increase was from 140.9 to 149.4. The increase in the cost of living from the 1939 figure to February, 1947, was from 99.4 to 152.8, an increase of 53%.

Since the middle of March there have been sharp reactions in the most sensitive prices at wholesale, notably wheat and hogs. An index of prices of 31 foods dropped 10% from March 16 to April 29.

Money, Bank Deposits and Public Debt

Money in circulation in the United States, which stood at $7 billion in 1939, has risen to $28 billion in 1947. The demand deposits plus Government deposits in the commercial banks of the United States, which stood at $292,695,000,000 in 1938, stood on Dec. 31, 1946 at $872½ billion. The public debt of the United States is now $279 billion.
No Depression Ahead!  
BY EARL BUNTING  
President, O'Sullivan Rubber Corporation, 
President, U.S. Manufacturers' Association

Mr. Bunting, decreeing prophets of doom, sees no suicidal depression ahead unless we talk ourselves into it. Says "we must quit rehearsing for a repeat performance of the crash of the dismal thirties." Declares we must answer Stalin, who is only one wanting American bust, by cleaning our whole economic house of every totalitarian smirk.

A good year in this country means a fair chance to work together—harder and more profitably for all.

The kind of year 1947 is for the whole American people. Don't let's sit back and watch the weeds grow as high as the crops in our economy. There is too little freedom—too little property—left in all the world. Last opportunity perish from the face of the earth, let us make 1947 the start of a new day.

No 1929 Ahead!

I don't believe with the prophets of doom that we're headed for another '29. I don't hold with the calumny hooters that we face Depression Number Two. The Korean fact just don't warrant any such assumption.

Stocks are too low. The moon, as they did in 1929, has arisen. Our banks are as liquid today as they were frozen in '29. Today, we have 263 billions of currency in circulation; and 600 billions of bank deposits. This means real purchasing power to hold our economy steady as prices are adjusted downward.

We are armed with weapons which were not available in '29. Current and accurate market and inventory statistics help to chart a safe course.

And finally, today we have $7 billions in unemployment funds to aid against another depression. Anything like 1929.

So, I say, if we crack up now it will be the result of our own folly. It will be because we've headed for another '29. The calumny hooters were wilfully disregarded.

(Continued on page 41)

Mobilizing for World Leadership

BY JOHN W. BRICKER*  
U. S. Senator from Ohio

Prominent Republican urges us to follow sound industrial and social program at home as indispensable for worldwide freedom and peace. Calls resistance to retreat from wartime tax rate shocks central to the strategy of progress.

The general theme of our consideration tonight has been designated as Mobilizing America for World Leadership. This subject might well imply that we are giving up our concept of this country as a Republic, a government of free people wherein each citizen has a voice and a vote in all that concerns him. It must be the result of the vision—Moil libation implies gathering all the power of the States together for a national purpose. If that power is mobilized it is then exercised by a large or small group of persons, we shall have, indeed, departed from a government of free people.

Certainly our committee, in selecting the subject of tonight's discussion, had in mind no such dire result. The subject, rather, compels a program of education.

*An address prepared for Senator Bricker for delivery before the National Industrial Conference Board, May 28, 1947.

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The Recent Violent Stock Market Swings
ARE THEY INDUCED BY GOVERNMENT CURBS ON FREE MARKETING?

By A. M. SAROLSKI

Dr. Sarolksi reviews recent opinion regarding stock market action and points out current "stock market speculation, ...to precipitate swings in prices, may be attributed to restrictions on margin trading, floor trading and SEC requirements enforcing on large stockholders publicity of purchases and sales, along with possible confiscation of speculative profits, as an opportunity for removing obnoxious curbs on free marketing.

The severe break in the stock market in early September, 1948, and the persistent and inexplicable price fluctuations since then, have called attention to the causes and their effects. In view of likely trends of stock prices, the inactivity of listed market transactions in recent times, and the general absence of securities markets as a whole — all known and particularlywhelming regular and irregular speculation — it may well be concluded at this time, whether normal conditions of maintaining a regular volume of securities have been prevented or rather promoted by the SEC and Exchange Commission and other Federal authorities.

A. M. SAROLSKI

A few days after the first severe collapse in the stock market in September, varying causes were ascribed for it. The veteran New Dealer Congressman, Adolph J. Sabath of Illinois, denounced the break as a "German停产" and ascribed it to the exhaustion of Republics, particularly those in "industry under government control" who were hoping thereby to swing the November election, i.e., on May 22, in a statement to the same effect. Sabath attributed the market gyrations to "outrageous crooked dealings" and a "short selling conspiracy." But these accusations certainly were not borne out by the Securities and Exchange Commission's publication of a list of "insiders" (Continued on page 34)

American Overseas Airlines
National Republic Gas
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STREET, New York 5, N. Y.
Sabath Attacks Short Selling

In a statement to House he subscribes recent stock market declines to manipulations of short sellers, and introduces bills, one to levy 5% tax on short sales and another to prohibit communication of false information in order to manipulate stocks. A dispute arises with regard to short sellers if and request not complied with will introduce resolution compelling SEC and Stock Exchange to furnish same. Relates correspondence with President Schram of New York Stock Exchange.

On May 23, Congressman Adolph J. Sabath (D.-III.), in a statement to the House of Representatives, published in the "Congressional Record," renewed his attack of stock sales last September on what he termed was a manipulation of the order our prices for political purposes. This time, Rep. Sabath turned his guns against short selling, and gave the text of a bill he introduced which would levy a special tax on short selling, as well as recent correspondence with Mr. Emil Schram, President of the New York Stock Exchange. The text of Mr. Sabath's remarks follows:

Text of Statement
Mr. Speaker, on Sept. 4, 1946, I urged the New York Stock Exchange to prohibit short selling, and I again requested the Securities and Exchange Commission to strengthen and enforce strictly the regulations governing short sales, particularly urged the New York Stock Exchange to what I consider an approach to danger our country and prosperity. On May 21 the "Wall Street Journal" carried an article showing the heavy increase (Continued on page 37).

A Program for Foreign Rehabilitation Aid

By HAROLD E. STASSEN* Ex-Governor of Minnesota

Republican Presidential aspirant attacks extremist foreign policy views of Henry Wallace and Robert McCormick. Urges a strong and wise humanitarian world policy which will give peace and plenty to ourselves and others. ABBRAO economic crimes not unavoidable. Advocates devoting 10% of national production in next decade for foreign aid, but would bar use of funds for socialization.

Everyone in America now realizes that we are not concerned with two separate sets of policies, domestic, that we do not have two con¬ tradictory sets of goals, and that our foreign policy is not an aside but an integral part of our goal of a world free of famine and disease, a world where the free enterprise system can flourish and where free men can live in freedom and dignity. For our people, the world is our market, and the economic problems of the world are ours.

Harold E. Stassen
Minneapolis, Minnesota

*Address by Mr. Stassen at Annual Community Celebration at Jefferson, Iowa, sponsored by the American Legion, May 21, 1947.

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Analyses upon request

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Don't be misled by tales President Truman has alienated his price reform symphony. He hasn't. Business and industry — and consumers — will hear none of that right now. From the President, his Cabinet, and just plain politicians. It will climb back into the top headlines after Congress goes home.

You can readily comprehend the two main reasons why the President will continue to preach lower prices: (1) personal prejudice, and (2) political convenience. He's honest in his own belief prices must be shaved. He's also confident they will be reduced on many consumer items and that he can secure credit against continuing his stump crusade.

Rumors the White House will strive to force lower prices by punitive measures such as a new excise profits tax can be brushed. They're groundless. Public persuasion will continue as the keynote. The President knows he cannot get a positive legislative victory; likewise he knows that political credit can come only through press and radio harangues.

Where Do We Go From Here?

By RAYMOND RODGERS
Professor of Banking, New York University

Dr. Rodgers contends slackening of business will be beneficial to decent efficient producers, if says prices are too high, and business is conducted in wasteful manner, but looks for readjustments which will prevent severe depression. The Administration has no here, but, despite commercial loan expansion and real estate inflation, there'll be no repetition of 1929, but rather, a return to old-fashioned competition.

That is not enough to determine where we are without trying to estimate where we are going. The entire world is in the throes of change. There is no old-fashioned atmosphere anywhere. Where, England is living through an economic Dunkirk more bitter in some ways than that of the war itself; but mind you, the Battle of Britain is yet to come! It remains to be seen whether Atlas is merely by leading the Labour Party or a statesman capable of leading a Working Party, which

*An address by Dr. Rodgers before Annual Convention, Ohio Bankers Association, Columbus, Ohio, May 22, 1947.

is the only thing which will save England economically. England's labor government has been facing the future boldly, but they must face the present and past, and find their way. Whether their method will be a capital levy, compulsory savings, or defauls on obligations, I cannot say — but clearly results won't be had. As for Russia, when you can't make a treaty of peace with an ally two years after the war is over, the outlook is indeed dismal.

The National Scene

I mention these first, because so long as we are thinking exclusively about foreign, particularly England, and the heat, financial costs of large air, military, and naval establishments. And, most importantly, the world will continue

(Continued on page 24)

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"WASHINGTON...And You"

BY A. WILFRED MAY

Observations in the RECONSTRUCTION EFFORT

The need for a complete reorientation and reorganization of our foreign relief and related reconstruction activities is everyday becom-

(Continued on page 33)

The Economic Outlook

By G. ROWLAND COLLINS

Dean, Graduate School of Business Administration, N. Y. U.

Assuming it seems likely over next five months business lines will experience temporary transactions to here will not be a complete "bust," and recession in soft goods will be eased by duties taking up the slack. Stresses importance of well-balanced group income perhaps and see that all less than "white collar" workers in taxes and living costs. Calls for goal of maximum amount of goods to maximum amount at minimum costs, and advocates lower taxes.

The Economic prognosis is pathetically precarious! And especially so to the predictions that may be involved are precise and positive.

That is why to many economists are pessimistic in their pro-

(Continued on page 22)

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David Bruce to Head Commerce Bureau

WASHINGTON, May 28 (Special to the Chronicle) — The Bureau of Foreign and Domestic Commerce, which has been in ex-

(Continued on page 45)

With Waldron & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — J. Huntington Davis is with Waldron & Company, De Young Building.

AMERICAN MADE MARKETS IN CANADIAN SECURITIES

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ORLANDO, FLA. — Otis L. Mills has become associated with Leedy, Wheeler & Almanor, Florida Bank Building.

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LOS ANGELES, CALIF. — Harold A. Johnson and Edwin G. Fritchard are now connected with Slattery & Company, Inc., Wichita Boulevard.

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New Successful Traders Make Money in Stocks

Michael J. McLaughlin, a former investigator with the United States Securities and Exchange Commission, has just published a book on "How Successful Traders Make Money in Stocks." In addition to telling many things about trading in stocks, this book contains an article about the man who developed the Dow theory but never used it himself. It tells his probable real reason for not using his theories, to speculate, and what he did to make money. It also describes other important services and why short sales should be identified on the tapes.

There is a chapter containing the American Securities Exchange and the SEC, and why in the author's opinion the SEC should be investigated and the NASD should be liquidated.

There is also a chapter about a death, 84-year-old lady's complaint in the SEC, including securities worth $17,000 that she gave to a broker referred to in the book and who is permitted to continue in business after violating a law that other individuals pay for violating according to SEC reports to Congress.

The book contains information about the SEC and its reports, for example, about the SEC's report to Congress.

Beckers Vice Chairman of NYSE Gov. Bd.

The Board of Governors of the New York Stock Exchange, in its organization report for 1944, has elected William K. Beckers as Vice Chairman. Mr. Beckers was a member of the Exchange since 1927, has twice been re-elected to the Board, and has served as President from 1938 to 1942 and again in 1944.

The Board, co-elected as Governors of the Exchange representing the public John B. H. Elwell and Robert Palmer. Mr. Adams is a director of the Central Illinois Bank and Trust Company of Chicago and Mr. Palmer is President of Cluett, Peabody & Co., Inc.

The Board co-elected as Governors of the Exchange representing the public John B. H. Elwell and Robert Palmer. Mr. Adams is a director of the Central Illinois Bank and Trust Company of Chicago and Mr. Palmer is President of Cluett, Peabody & Co., Inc.

Julius Schlein to Be J. Melnhimer Partner

Julius D. Schlein will shortly become a partner in J. Melnhimer & Co., 6 Broadway, New York City, members of the New York Stock Exchange. Mr. Schlein will acquire the Exchange membership of Jereon. M. Melnhimer.

Bush Securities Co., Forming in Mobile

MOBILE, ALA. — Albert P. Eure, Jr., is forming Bush Securities Co., the off-shoot of the First National Bank Annex, to conduct a securities business.

Two Men With Kindred

Special to The Financial Chronicle

Dr. Murray J. G. McTavish and Donald A. McTavish are now with King & Mellott & Co., Inc., Pense-Kennedy, New York.

SEC Requirements on Reporting Sales of Securities

By IRVING J. GALPERN

Write calls attention to overriding provisions of Securities Act of 1933 and Securities Exchange Act of 1934, and points out uncertainties and problems arising in connection with sales by officers, directors and 10% holders and in defining what constitutes control with the company.

"1 said Mr. Smith, "an officer and director of the Amalgamated Universal Corp. My associate here, Mr. Jones, has no official position with the company but owns a 90% of its stock. Stock ownership is not registered, as it also is not registered on any exchange. We intend to do all some of our holdings and we were wondering whether we're required to report such sales to the Securities and Exchange Commission?"

"If both Smith and Mr. Jones have adequate excuse for women," the broker asked, "in fact, the broker who is not to the stock may be sold, is also apt to be as confused as is precisely the case. This confusion arises because of the overlapping provisions of the Securities Exchange Act of 1934 and the Transfer Act of 1933."

The Securities Exchange Act of 1934

"We assume that the Amalgamated Universal Corp. is a registered broker or dealer under applicable Public Utility Holding Company Acts. Otherwise, additional provisions of the company might have to be considered."

Factors Fixing Commercial Bank Investments

By MARCUS NADLER

Professor of Finance, New York University

Dr. Nadler lists as factors determining commercial bank investments: (1) trend of general economic conditions; (2) monetary policies and fiscal position of Treasury; (3) long-term capital financing demands of government agencies for commercial loans; and (6) the individual position of the bank itself. Economic conditions are not likely to develop into a depression, and the war is likely to end by the fourth quarter.

Also, many banks give attention to liquidity and exerise care in mortgage financing.

Banks are handymen of industry and trade and hence their activities reflect clearly economic conditions prevailing in the country. During the war, when a large portion of our economy was engaged in the production of war materials, the earning assets of banks consisted to a very large extent of Government and government- guaranteed obligations. With the reduction of that part of the budget of the Government and also of the balance of the earning assets of banks, it is possible that the rate at which banks are changing the composition of the earning assets of banks is capital change. Holdings of Government securities are decreasing loans are increasing and many banks are investing in AAA obligations other than Government securities. It is quite evident, therefore, that investment policies of banks must be changed. The monetary policies of the authorities, particularly the management of the public debt and the Treasury, are the demand for capital by public subscription and corporations, or the construction of buildings and homes.

The movement of deposits, stock and bonds.

The demand for loans by industry and trade (Continued on page 20)
The Steel Industry
Today and Tomorrow

By WALTER S. TOWER
President, American Iron and Steel Institute

Spokesman for steel industry reviews transition period, and explains why domestic ability to maintain steel wages and slight increase in steel prices above OPA ceilings. Denies profits are too high and holds efficiency of capital and net productivity of labor as real problem.

W. S. Tower

Let's have a look at what has happened in the steel industry since you were here a year ago, a year of transition from armed hostilities to world peace. The end of hostilities brought a period of readjustment, in which we faced the necessity of stepping up our production so as to meet the demands of a world-wide demand for manufactured products. This resulted in a period of rapid expansion in our industry, which was characterized by increased employment, rising wages, and a general improvement in the economic situation.


Securities Dealer Says SEC Hasn't Been Much Help to Holders of Bonds of Enemy Countries

Claims owners of some German bonds were compelled to take large losses on their investments as far back as 1937, when SEC refused to permit conversion of coupons into German funding bonds.

"Funds out and abroad had to be used to purchase obligations during war was unnecessary." Says if SEC insists on full disclosure of financial condition by issuers of these bonds before permitting them to be exchanged, it will have to wait five years or more before they get benefits of free market in the bonds. Declares bonds have cash-in-value apart from any value due to earning capacity of issuers.

The large denominations of international market charges that emergency regulations have been working to the advantage of the American investor in the bonds of enemy countries—and not to his advantage, as claimed by the SEC—was not only during the war but for the last two years, that is, the way back to 1937, and give promise now of continuing for another five years or more the harm that has been done to him in the past.

With the insight gained from 33 years of experience buying and selling stocks and securities on Wall Street, plus a personal interest in the matter, he analyses the matter this way:

During the war, the SEC asked lenders not to try to purchase bonds in these markets in these securities, that is, the two dollar to the dollar of the Axis nations. "Legitimate" dealers came to the banks, and arranged for trading, in these securities was suspended, giving rise, however, to a rise of more than double for the war. A reason given for stopping all purchases was that the National Council of Foreign Bonds and the German nationals as a whole would agree to the price. That was in 1937. By agreement with the U.S. Government and the German nationals, American bondholders had been permitted for three whole years before then to accept and, if they wanted to, close off the investment, and with the proceeds of their funding bonds on the market.

"The SEC controlled the market and the issue was kept at a very low price, but the price was not determined by the market. This was not true in the case of German funding bonds to which the German nationals wanted to be paid in dollars. There was a general back-up in the market following World War I, and the selling of German bonds in this country was not so much as a result of the war as a result of the price of the bond.

"The SEC has been of no help to the American investor. During the war, the SEC controlled the market and the issue was kept at a very low price, but the price was not determined by the market. This was not true in the case of German funding bonds to which the German nationals wanted to be paid in dollars. There was a general back-up in the market following World War I, and the selling of German bonds in this country was not so much as a result of the war as a result of the price of the bond.

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There are approximately 6,000 names in the United States, Canada and the British dominions, representing every state, province and county. The list is kept up to date by correspondence with our clients, and with the help of all the securities dealers in the country, and the result is that we can offer a reliable and dependable list at any time.

"Whither, America?"

By HON. HAROLD KNUTSON
Chairman, U. S. House of Representatives' Committee on Ways and Means.

"Whither, America?" because we have never reached that stage in our progress as a nation where we are ready to talk about world problems. We are not prepared to talk about world problems. The nation has been too busy making a living to be able to think about world problems. The nation has been too busy making a living to be able to think about world problems.

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Public Utility Securities

New England Electric System

New England Power Association in reorganization under the
name New England Electric System. In order to conform to the Utility
Holding Company Act and simplify capital structure, the
company is being merged with four sub-holding companies (Massa-
chusetts Power & Light Associates, North Boston Lighting
Properties, Rhode Island Public Service (Dominion Utilities
Associates). Capitalization on completion of the plan will be as
follows:

Subsidiary Companies
Funded Stock $79,000,000 23% Preferred Stocks 22,000,000 7%
Common (minority interest) 9,000,000 3%
Parent Company 65,000,000 20%
Common Stock and Surplus 145,000,000 42%

*Par value ($20 a share) is $134,000,000 and surplus (adjusted for
amortized debt discount and expenses, but not for intangibles in plant
account) approximates $8,000,000. The plant account apparently in-
cludes $50,000,000 in excess of original cost, and there may be
intangibles contained in $100,000,000 plant account for most of
which original cost studies are not required.

The company was scheduled
this week to offer at competitive
bidding two issues of new
stock—$25,000,000 due 1967 and $50,-
000 due 1971 ($100,000 is also being
borrowed on serial notes). Both bond
issues will be retired by sinking bonds,
on the 1967 issue starting in 1948 and
the other in 1948. 30% of the 1967
issue will be retired by new common
issue. The bank loan will be paid
off serially by 1971. Thus at least
62% of the initial debt should have
been retired by 1971. There will be,
6,980,075 shares of new common
stock ($20 par) to be

available on extra 25,000,000,000
power beginning late this year.
System companies manufacture
about 70% of its output, most of the
remaining being purchased. Transit
operations are important; trolley cars,
trucks, tractors, buses, and taxis. Exclu-
dtion of trolley cars will probably be
completed next year.

Electric power revenues in
1946 averaged about 4½ cents per
kwh and amounted to 90% of annual.
The ratio of system earnings to
plant account and working
balances (investment) is estimated at 6%. The company appears to be
having no regulatory troubles with respect to
rates, taxes and franchise.

New England Power

A. M. Kidder Admits
Robert's & Warner

A. M. Kidder & Co., 1 Wall
Street, New York City, members
of the New York Stock Exchange

Albert Roberts, Robert S. Warren
and other leading exchanges, will admit
Albert Roberts, Jr., of St.
Petersburg, Fla., and Charles L.
Warren to partnership in the
firm on June Ist. Both were for
years partners in Cohen & Torrey
in Florida.

It is understood that A. M.
Kidder & Co., will change to
Cohen & Torrey's Florida offices.

Monasch Partner in
Hooker & Fay; Larkin
Forming Own Firm

SAN FRANCISCO, CALIF. —
The San Francisco Stock
Exchange announced May 26 the sale
of George H. Monasch, Jr., and
the retirement of Emmett A. Larkin
as general partners in
Hooker & Fay. The firm of
Monasch & Co. has been
dissolved.

Emmett A. Larkin has formed
the firm of Emmett A. Larkin
& Co. Mr. Larkin will be a specialist
in odd-lot dealer on the floor of
the Exchange.

Philip B. Taylor Now
Is With Sutro & Co.

SAN FRANCISCO, CALIF. —
Philip B. Taylor has become asso-
ciated with Sutro & Co., 407 Market
street, from the American Energy
Company of the New York and San Francisco
Stock Exchange dealing
exchanges. Mr. Taylor was formerly with Wulf-Hamilton
& Co., and its predecessors. In the past he was the
man of the bank and electric-resale department for
Bacon & Co.

W. A. Ogden, Jr. With
Clark Davis of Miami

Special to The Financial Chronicle

William A. Ogden, Jr. has become
associated with Clark Davis Co.,
Fort Lauderdale, Fla. Mr. Ogden for many years conducted
his own investment business in
Fort Lauderdale.

"Last Call for the Diner"

By HENRY GULLY

Henry Gully

With Cohn & Torrey, Members New York Stock Exchange

Mr. Gully contends bearish market factors have run their course, and a "bear panic" may be anticipated which should advance industrial stocks.

For some time now I have been growing increasingly bullish. Accordingly, for the first time in some years I am recom-

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Trading Markets in Common Stocks
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Sun Spots and Stock Prices

By DANIEL PINGREE

Writer revives old theory that business conditions and stock market fluctuations vary with sun spot cycles. Sees 1950 next turning

point in market trend.

The usefulness of any theory depends not on snap, superficial judgments, such as, "it seems all right," or, "it sounds crazy to me."

Rudolf Wolff, worked so pain-
fully... the theory is
running back to 1749 that the index has been on the rise, and is called the "Wolf number," is at the rate of 281.67, as rat-
erate as the more recent area fig-
ures, but is a close enough indication of the real par-
poses.

Since the greatest beneficial ef-
fact from sun spots occurs at
some point short of maximum
sun spot activity, traders are faced
with deciding just what that point is. In the present instance, edge this decision must be arbi-
Let us assume that the greatest beneficial effect occurs in a year in which the Wolf number is above 300. In the last three quar-
time, the Wolf number has crossed 55 on the way up in 1893, 1920, 1923, 1938, 1938, and 1942, and has been below 300. In the last three-quar-
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time, the Wolf number has crossed 55 on the way up in 1893, 1920, 1923, 1938, 1938, and 1942, and has been below 300. In the last three-quar-

On the other hand, the Wolf number crossed 30 on the way down in 1910, 1930, 1931, 1942. No one would include 1942 in the group of these years, unless, of course, he was too heavily mar-

As an example, the com-

Continued on page 45.

The usefulness of any theory depends not on snap, superficial judgments, such as, "it seems all right," or, "it sounds crazy to me."
The Stockholder and the NYSE

BY JOHN HASKELL

The New York Stock Exchange is a company in many ways, but an essentially distinct relationship arises among its listed companies in the Exchange as a place where at their own will and convenience, they can sell their holdings and add them. There also see the market prices for the shares of their own companies established by a continuing auction, disseminated throughout the nation and abroad by highly developed electrical machinery, radio and television. This is the chief function of the Exchange to the stockholders, by providing them with a free and open market, it gives them the means to turn his stock at any time when he is disposed to sell. On stocks when his own judgment dictates, he can get just the price he wants which is set by the market. It is not necessary to sell in involuntary ownership of a company he does not like. The existence of a free market makes the tens of millions of stockholders

SEC and the Stockholder

By EDWARD H. CASHON

Chief Counsel, Corporate Financial Division, SEC

Commission spokesman asserts Federal regulation needed to compensate for shortcomings of former State controls. Emphasizes as fundamental Commission’s concentration on disclosure rather than on mere “pious” pleas for stockholder interest in Commission’s legislative amelioration program.

Thank you for your welcome opportunity to speak to you this afternoon. It is all too seldom I have a chance to talk with or among groups of investors about their own company problems. I want to suppose, the fact that organizations such as yours are very few in number, this dearth of organized investor bodies is, in my opinion, much to be regretted, for I think the investor regarding the organization can do much to educate the investor regarding the organization of himself and his means of protecting himself—knowing, for instance, that if you invest in a company that is to become a failure that is not passive about the problem of the company’s affairs and the interests of, there are not likely to be more—indeed I think—if true representatives of organizations acting on their behalf, investors, more than the only major interests of securities, being more interested and active in their own interests, do not appear to have the investors’ organizational difficulties.

I want to suppose I should like to talk with you, in a very general way, the why and the whereof of this concept of the existence of a force of aspects of the laws adopted, the Federal Reserve Bank to protect, the role the Commission on making these necessary decisions and the role the investor must play to make these decisions effective.

The Market and the Country’s Obligation

Although I think the Federal Reserve laws in a very real sense protect the merchandisers of securities, they were primarily enacted for the protection of investors. The Congress saw to it that this primary purpose would not be lost sight of in the administration of the Securities Act of 1933 and the Securities Act of 1934. In no less than 60 separate places the Congress states or implies that it is imperative that all investors know, not only that these Acts exist for the protection of investors in their interest, but also the type of situation that will be tolerated, and how the investor is to be protected in his interests.

As we will see, the securities market has played a vital role in the development of this country. It has affected the way in which investor capital can be placed behind production in growing industries, and has also afforded an ever increasing number of securities holders the opportunity to acquire funds for their own company places or their personal investments.

Mitchell, Hutchins Adds

Special to The New York Stock Exchange

CHICAGO, ILL.—Henry W. Mitchell, Sr., President of the New York and Chicago Stock Exchange, and other leading exchanges, has joined the firm of Mitchell, Hutchins & Company, 30 South LaSalle Street.

Protection Through Listing Rules

Mr. Cashon has outlined some of the advantages of the Exchange for the protection of investors, among them 24 Acts rest, as do many of the Exchange’s requirements, in the principle of full disclosure which is now so basic as to be a matter of course. Before initiating the uniform or national law of incorporation of states and the \( \text{-} \) st positive step towards the requirement of full disclosure, only the Exchange’s listing rules required this. It is for such as the accountant and the auditor, the audit and the annual suit by independent public accountant, and (Continued on page 28)
Real Estate Securities

Only a major depression can probably prevent serious debasement of securities, according to one exceptionist who bases his argument on the growth of the securities market and the generally everywhere, and total, the public securities market, as well as the general public, to a point where yields are going to be higher, he holds.

Buckley Brothers Adds

Mr. George Buckley, formerly of the Buckley Brothers, adds to his staff a new member, E. F. Hutton & Co., in New York.

With California First


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San Francisco, Calif.—Raymond C. Calvin, associated with Davies & McCall, a leading concern in the field of real estate, now new member of the staff of Wyatt, Neal & Waggoner, First National Bank Building.

With Wyatt, Neal & Waggoner

San Francisco, Calif.—Raymond C. Calvin, associated with Davies & McCall, a leading concern in the field of real estate, now new member of the staff of Wyatt, Neal & Waggoner, First National Bank Building.

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How to Link Stockholders and Management

By R. C. FORBES
President, Investors League & Chemical Bank, New York City

Mr. Forbes proposes as link between stockholders and management the appointment or election of "professional directors" who would represent interests of rank-and-file stockholders. Wants proposed resolutions of the board included in proxy statements and advocates regional stockholders meetings.

Our Captains of Industry, though unparagonable negligence, have caused the menace which in recent years has brought long-preservation of our Free Enterprise System—still and ever on the verge of a breakdown. Our Captains Industry, instead of cooperating to fight against unbridled interests, have failed to cooperate in organizing a vast army of directors ready reckoned to fight against unbridled interests. The supply of such capitalists—tapped at $7,500 to provide the average job in our manufacturing industry—has been astonishingly drying up during the last dozen years. Investors, stockholders, clients and dealers have agreed an equitable salary to lead laborers or by

R. C. Forbes

**Management-Stockholder versus Union-Worker Relations**

By MATTHEW W. WOLL
Vice-President, American Federation of Labor

Labor leader declares union practice is more democratic than corporate character, as seen in the latter's concentration of power through directorial election system. Asserts it is more in line with the labor movement, this presents an excellent opportunity to make some coöperation between the management and stockholder relations.

Matthew Woll

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Stresses Fear of High Profits Unwarned

Publication of Guaranty Trust Company of New York shows how fallacy of belief that profits do not contribute to purchasing power and to lower prices and higher wages to reduce profits is unwarned. If profits are not too high.

The weaknesses and evils of a competitive organization, both by the organized list of branches in colizing closer relations with the Securities and Exchange Commission are further steps to improve its relation with the public.

R. Victor Mosley

Urges NSTA Improve Relations With SEC

R. Victor Mosley, its President, recommends over-the-counter segment of securities industry follow the example of the organized list of branches transacted in the over-the-counter segment than in listed securities.

Mr. Mosley said he is strongly in the opinion there is a real need for better representation of that phase of the industry than is being accomplished at present.

He added that membership in the NSTA now was about 3,500 scattered throughout the country and that they were desiring doing something for the good of the unrelated security business and to participate in an association which, in many cases, were being neglected by the National Association of Securities Dealers and the Investment Bankers Association.

Mr. Mosley in his tour of the Pacific Coast is accompanied by Edward H. Welch, Secretary of the NSTA, and Edward E. Parsons, Jr., member of the Executive Council and a past President of the organization.
The Paradox of the Stock Market

"A year ago common stocks were in vogue. Hardly a day passed without the appearance of some new piece of equity financing designed to sell to the public at a substantial premium. After the books were closed, yet conditions at that time were not conducive to a bullish attitude. Strikes had crippled many industries and automotive industries during the first quarter, and oil refineries had been hit with a rush. Recession problems still had to be solved by many corporations. The Dow Jones Industrial and composite averages of the 30 Dow-Jones Industrial stocks for the preceding two quarters were at an annual rate of $3,540,630,880, or 11% on its market level at that time."

"Today, the average investor wants no part of a common stock. New equity financing is virtually at a standstill. The labor outlook, too, is not satisfactory, has been largely clarified. In a word, a recession really gets going, it is possible that industry will lay off substantial numbers of men, thereby enabling it to lower prices—yet with present cash and credit it is present output. A man works harder when he is afraid of losing his job."

"(Quoted from "National Notes" written by Henry Ward Abbott of National Securities and Research Corporation.)

Petroleum Growth: Industry

Calvin Bukovin's "Perspective" comments on the outlook for the petroleum industry and its possibilities as follows:

"Despite the fact that the production of crude has declined to about $3,540,000,000 as compared with an average of $11,500,000,000 a year in which the market was on the low rather than high side. Over the previous five years, however, the value of the composite stock has increased from $3,540,000,000 to $4,070,000,000, a decline of $335,000,000."

"With the recovery of the market, the prospects of the industry are close to their historic highs, one must not overlook the growth of aspects of this industry. For example, the composite oil stock has increased from $2,500,000,000 to $2,500,000,000, and by 1950 it is estimated that demand for crude will be running around $900,000,000. In other words, the current high level of earnings of equities is not due to a decline in normal conditions, but also reflects the growth trends. It is true that these factors of growth should not be overlooked in appraising the expected yield of oil equities over the uncertainty period."

"8% Compound Interest—Try and Get It Today

L. Albert, Abbot's "Abstracts" reprinted the following story about the purchase of Manhattan Island.

"It's a fact that the Indian chief who sold the Manhattan Island for $24 in trinkets wasn't tharthy wise. In today's money, the compound interest would have been huge."

"The Indian chief, our story, that he had sold the trinkets in cash and left it there, his descendants would have made more than the present day assessment of Manhattan Island.

"And compound interest (the most common rate in the last 80 years) the Indians' $24 would have grown to $4,135,135,321 to-day. And since the land in Manhattan Island was worth of $3,540,630,880, the Indians would have been paid from the game by $644,504,451."

Notes

Wall Street comments on the fact that the cost of buying and selling one share of the Dow-Jones Industrial stock would amount to 8.4% of the purchase price.

First Trust Mutual Fund reports net assets of $4,135,135,321 as compared with $4,135,135,321 a year ago. Two years of growth, a 10% dividend, and a 10% cash and securities income.

Group Securities has a new formula for its mutual company, the second largest, $3,540,630,880, for 1961.

Lord, A. Albert's American Business Abstracts (May 15, 1945), stated that "At a time when New York has been written off at $250,000,000, the market has emerged from a year of relatively minor losses to a point where it is now at a level of $4,135,135,321."

Distortions in Price Structure

Alfred P. Sloan, Jr., Chairman of General Motors Corporation, tells stockholders that a major problem can be attributed to pressure of goods on prices, and not by propaganda on economic relations. Sees higher auto prices if production falls off.

Addressing the annual meeting of General Motors stockholders yesterday, Mr. Sloan, chairman of the board of directors, said there is much exaggeration directed to their reduction. Such kind of appeals immediately will have little real and permanent benefit unless supported by correspondingly better reasoning as applied to each individual situation. Prices might be divided into two groups, he declared, whose prices are sensitive to supply and demand phenomena in which speculative influences play a part, and, second, those whose prices are primarily determined by costs, although modified by competitive values. In this category belong raw materials.

Economic Control and Political Freedom

By CHARLES E. WIlSON
President, General Electric Company

Leading industrialist sees in present situation a choice between Fascist-Communist control and private enterprise system. Says planned economy of New Deal "has been regurgitated at the polls and elsewhere." Points out though government in modern economy is needed, it must participate, as an enforcer, and not as a dictator, in all segments of the economy. Attacks "tinkering in high places" with wages and prices, as prices can only be reduced through lower costs or by a depression.

Mr. Justice Conway, of the New York Court of Appeals, recently had occasion to Instance and to encourage a potential lawyer whom he was addressing on the day of their being sworn in as members of the New York Bar. They had been standing for a long time before the bench and obviously became a little restive as the Judge delivered his written remarks. Mr. Wilson said, and the Judge himself would agree that he did, and would like to suggest an answer, which is that we can, if the economic control is supplied by business, those will be my guide posts, and yours. The late brilliant man, Charles E. Wilson, President of the General Electric Company, in his book "The Road Back," said, "In a somewhat kindred spirit I would like to tell you that if my purpose is the preservation of the institution of a rather fundamental nature, which is to say, as we have both of them.

*An address by Mr. Wilson before the general assembly meeting of the American Iron and Steel Institute, New York City, May 1947, reprinted in "Economic Control and Political Freedom."
Canadian Securities

By William J. McKay

The defiant gesture of the U.S. dollar has brought the gold standard crisis to a head. When the dollar's price does not bring the Canadian or the world's basic problem, it will be found to be a result of the value of currency determination. The policy of currency determination only serves as an aggravating factor. At this critical economic stage, a cloud of dollar gold would do a tremendous and beneficial effect. One of the main causes of the world's economic malaise is the high cost of essential imports. From this condition, it was thought that to arrive at a higher level, it would appear more logical for Britain and Canada to raise that rather than to lower the value of their currencies vis-a-vis the U. S. dollar. Moreover any general upward revision of the price of gold therefore cannot be seriously considered except by minority interests which would benefit at the expense of the community at large.

The Canadian gold mining industry would also be wise to devote further inducements to its output. Any such plan would be a stimulus to an industry which has been so badly hit by the restoration of the Canadian dollar to its normal parity. The Canadian gold mining industry could do better serve the national interest as well as its own, by subjecting the industry to this alternative solution of its problem instead of vainly beating the development drive and thereby undermining confidence in the Canadian dollar.

The Dominion government however has clearly demonstrated its course of action. Finance Minister Abbott in his recent budget statement alluded to the government's step in raising the value of the Canadian dollar and has since adopted measures, which despite opposing the currency, and while not altering the present value of the national currency and the gold backed dollar, resulted in a higher price for their product. With Canada's important stake in the world economy it is to the universal benefit that the Canadian financial policy is based on an intelligent comprehension of the basic issues. Again, and at the expense of further intense measures, a constructive step forward must be taken which would be the much desired revival of the U. S. Canadian interest. The devaluation of our dollar is not only the solution of one country and this fundamentally sound method of increasing the supply of U.S. dollars would serve as an encouragement to the world.

Drinking the world the month remaining in the doldrums with quo¬
ting Dow's devaluation drum, with slightly lower and internals steady and unchanged. Free funds were driving down the gold the commencement of the tourist season. Canada a staged a brisk rally following re¬

Second Loan Rumors

By Paul Einzig

Dr. Einzig tells of rumors in Britain regarding new loan from U.S. despite denial by British Treasury that it is under consideration.

See need for agreement regarding stability of Sterling balances. Holds Britain cannot afford to abandon bilateral agreements.

LONDON, ENG.—Throughout May a growing volume of rumors is circulating in political and financial circles in London as to the possi¬
bility of a second loan from the United States. Rumors are so far as the near future may be concerned, that the British government will negotiate the loan is already under way, Dr. Paul Einzig, a banker, is reported to have been appointed in usual way. Many in the informed circles it is believed that the Washington reports that the old loan would be converted into an outright gift and a new loan would be granted, not altogether devoid of foundation, even though they are premature.

Official sources in London are comment on any rumors or reports. The Treasury is of the line that there is no question of a second loan, and that the Government has no intention of taking any steps to negotiate a loan. There have been reports in the Press that a new loan is being used up at an alarming pace, and this is the pace expected to become materially accelerated after July 15 when sterling will become convertible. Sooner or later the govern¬

Canadian Bonds

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BOND TRADERS CLUB OF CHICAGO

The Bond Traders Club of Chicago announces the committee appointed for the various events to be held at the 21st Annual Field Day at the club house and the annual meeting.

Program Chairman—John C. Rogers, Hickey & Co.


Horse Show—William J. Grataca, Blair & Co., Chairman; Clubhouse—William T. Anderson, Jr., Goodbody & Co., Chairman.

Prizes—Donahue R. Stephans, Paul H. Davis & Co., Chairman.


Transportation—Ray Harell, E. W. Thomas & Co., Chairman.
Buffett Warns of Further Foreign Lending

In special interview with "Chronicle," Nebraska Congressman calls for U. S. supervision of foreign banks. Cites fruitlessness of our wartime loan to China, and urges Congress to assume its responsibilities.

WASHINGTON—"If Congress would refuse to let those billions of private-American super-financiers at the World Bank and other foreign institutions loan to China, it would be far less fruitless than the loan we made to China in World War II," said Howard Buffett, Nebraska Congressman, at a press conference in the nation's capital.

"This bank of banks," he added, "is not properly safeguarded. The Bank is said to have wanted to write into the contract a provision which would have given the Bank power to okay expenditures under any conditions. It was rejected—rather by the American people but definitely by the Congress. The Bank has not been put in a position to control the use of the money. It is not properly safeguarded.

"The Bank, as you know, is a member of the Banking and Currency Committee. I have proposed resolutions to amend the Federal Reserve Act, making the Bank responsible for supervision of the national banks and other financial institutions. The Bank has not been put in a position to control the use of the money. It is not properly safeguarded."

"I think Congress has responsibility today, as it is called upon to pass loans to Greece and Turkey, and who knows what other countries the same committee has in mind next month and next year. I had the idea that it would be a good thing to find out how that $500,000,000 loan had gone out. The Administration has promised the Congress, therefore, to have a report on Greece, that any information I could get would give the State Department for full details. This takes place about three weeks before the election. I got a reply—and not a complete one."

"The Greek loan had gone through the Bank, so there was no opportunity for first-hand comparisons with our experience with that Chinese financial adventure."

"After reading the State Department's report, I can understand their hesitancy in making promises. I have been there, and it is a lot of mystery to be uncovered. Probably the answer is somewhere else."

"The $500,000,000 loan to which Mr. Buffett refers was made to China in 1940, and should not be confused with the $500,000,000 which since last year has been extended to Greece to meet the Export-Import Bank for China. The earmarking is scheduled to expire on June 30. The future course of action is meanwhile decided upon. Special Congressional approval for the ending of that sum to China by the supposed Export-Import Bank is not required."

$6,110,000
Baltimore and Ohio Railroad Equipment Trust, Series U

2% Equipment Trust Certificates
(Philadelphia Plan)

To be due annually $611,000 on each June 1, 1948 to 1957, inclusive

To be unconditionally guaranteed as to payment of principal and dividends by endorsement by The Baltimore and Ohio Railroad Company

These Certificates are to be issued under an Agreement to be dated as of June 1, 1947, which will provide for the issuance of $6,110,000 principal amount of standard-gauge railroad equipment to cost not less than $7,686,741, secured by new standard-gauge railroad equipment to cost not less than $7,686,741, at an annual effective rate of interest of 2%.

MATURITIES AND YIELDS
(Accrued dividends to be added)

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<tr>
<th>Year</th>
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HALSEY, STUART & CO. INC.

EQUITY SECURITIES CORPORATION
HARRIS, HALL & COMPANY
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THOMAS & COMPANY
ALFRED O'GARA & CO.
F. S. VANTIS & CO.

To be dated June 1, 1947. Principal and semi-annual dividends (June 1 and December 1) payable in New York City. Definitive Certificates, with dividend warrants attached, in the denominations of $1,000, registered in the names of owners of Certificates, and transferable only upon presentation of Certificates and certificate of ownership. Warrants are offered when, as and if received by us to be issued Certificates are in temporary certificated form until July 1, 1947, when definitive Certificates, with warrants attached, will be issued. Definitive Certificates are to be printed in the United States and are to be of high quality and in respectable currency, while guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

May 27, 1947
Securities Salesman's Corner

By JOHN DUTTON

If there is anything that produces good will and confidence for a securities firm, it is plain, simple, honest. Contrary to public opinion concerning Wall Street, there is such a high standard of business ethics among the majority of people engaged in the securities business that there is no place for the type of salesmanship that is so prevalent in many other lines of business.

The uninitiated may not realize that the SEC talk to Congress about the need for further regulation of the over-the-counter markets you would think that this is the rule rather than the exception. When a loud-mouthed, economic illiterate of a Congressman in search of headlines, blames bear-markets on a few evil men, and proposes a law that would heap more mayhem over straight men in banks, investment houses, and brokerage offices all over the country. There can be little doubt that the future of the over-the-counter industry to change from a public malfactor to a model of business perfection and morals, and nobody refutes such nonsensical statements.

Over-the-Counter Quotation Services
For 34 Years

NATIONAL QUOTATION BUREAU, Inc.
Established 1913

46 Front Street, New York 4, N. Y.

Kuhn Loeb Group Offer

Netherlands Issue

Kuhn, Loeb & Co. headed a group of underwriters which on May 27 offered to the public in New York $4,259,000 of the bond flotation of the Netherlands 10-year 3½% external sinking fund bond. The bonds were priced at 99 and accepted bids up to 101. The Netherlands, as represented by the Posten Bank in New York, is set to place the Netherlands into the American private investment market.

The proceeds from the sale of the Netherlands', to the public purpose of making prepayments of war indemnities to the reparation fund and the maintenance of the Kingdom and government of the Netherlands. The issue is being sold by the Posten Bank, for the purpose of acquiring gold and other foreign currencies for the war indemnities.

The Netherlands was last in the Amsterdam market to sell to private investors in 1924 when it sold a $40,000,000 issue which also was underwritten by Kuhn, Loeb & Co. That issue was redeemed in 1925. From the time of the separation of the Netherlands from the Austrian Empire 125 years ago, there has never been a default in interest, principal, or redemption attended by a shift in the international or internal obligation of the Government or a shift in the currency basis occasioned by the war.

A ready marketable securities in the Netherlands United by people of a nation with a population of approximately 50,000,000. The sale of February this year is estimated to be the first sale of this kind ever made in the United States at approximately $500,000.

An authoritative picture of the economic progress of the Netherlands in the past year or five years of enemy occupation is set forth in the Netherlands Government's report on foreign trade, in the form of private and government operations in the Netherlands.

The Netherlands is set forth by the fact that at the end of 1939 the Netherlands Government issued $2,259,000,000 in 1939 for its national defense. In 1939 the total population of the Netherlands was 13,429,000, of which 10,439,000 were in the Netherlands. In 1939 the population of the Netherlands was 1,000,000. Of the total population of the Netherlands, 1,000,000 were in the area of the war.

The recovery in agriculture has been impressive, in view of the devastation caused by the war. The statistics for the Netherlands for the years 1939, 1940, and 1941 show a decrease in the food crop of about 4%, and a decrease in the sugar beet crop of approximately 3%. The total sugar beet crop for the Netherlands for the year 1941 amounted to approximately 3,280,000,000, which is the last complete year before the war. The sugar beet crop for the Netherlands for the year 1942 was approximately 3,300,000,000, which is the last complete year before the war. The sugar beet crop for the Netherlands for the year 1943 was approximately 3,250,000,000, which is the last complete year before the war.

World Bank and
The Private Investor

By JOHN J. MCMILLY

President, International Bank for Reconstruction and Development

President McIlroy declares Bank's necessity of going to private investment market is most significant safeguarding guide for both institutions' directorate and borrowers. Discusses important details of securities to be offered, including guarantees, factor, amortization and other requirements imposed on borrowers.

I have been trying to learn something about this bond business in the last few weeks, and I find that there are several well known techniques, used by brokers and salesmen. One of the most interesting is the "money around technique," used at the New York Stock Exchange for the benefit of brokers and salesmen. This technique can be used by brokers and salesmen. The technique is to sell a bond for a very small price, and then to offer it to the public for a much larger price, in order to make a profit.

Another technique is the "tommyrot technique," used by brokers and salesmen. This technique is to sell a bond for a very small price, and then to offer it to the public for a much larger price, in order to make a profit.

The World Bank and the Private Investor

September Bank meeting likely to take place in New York instead of abroad. New monetary advisors. Fund starts activities. Details about France. Relations with borrowers.

World Bank and Fund Jottings

By HERBERT M. BRATTER

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LaSalle St. Women To
Hold Election Meeting

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Shipping Stocks

By ROGER W. BABSON

Mr. Babson sees heavy reduction in U.S. merchant fleet as after World War I, because of increasing shipping competition from abroad. Does not recommend buying shipping securities for investment, says increasing Federal subsidies to U.S. shipping are justified.

Aid and loans abroad are bound to expand U.S. trade with most of the nations of the world. Therefore our farmers and manufacturers will receive a benefit what about our merchant fleet? Are we to let other nations take away our one built lead in maritime commerce as after World War I? Wall Street is trying to get small investors from the bag.

Roger W. Babson

What Happened After World War II?

Let us look upon our maritime fleet before and after World War II. In 1939 we were losing $100 million of world shipping; today we have almost $200 million. If we now look at the other nations, we find more losses. Other nations are rapidly modernizing their fleets with the intention of taking the prewar status.

We had 60% of the U.S. ships were carried about of the world trade. After World War I, we had lost 36% of that trade up to World War II. By 1939 our merchant fleet was about 14% of the world's shipping. It looks very much as if we are going to our prewar position in this peace-time reduction in our merchant fleet were to be repeated.

Banking

Available

From the end of World War II to the present day the U.S. merchant fleet has grown to the point where tonnage close to 55%. This program has been completed it is doubtful if we have more than 1,500 ships in use. Today we have three times the vessels of the 1920s and 1930s. The first class includes jumbo tankers, 200,000 tons; medium speeders, combined cargo-passenger vessels, 30,000 tons; and other passenger ships. These three types are the most useful for postwar shipping.

Liberty Ships Unavailable

You cannot be in the second class, have fast speed, their meaning and the cause of stowage factor. Thirdly our older vessels and Liberty ships are too bulky for the present fleet. The stowage factor of the Liberty ship is fair. But their expensive fuel oil and their slow speed combined with the high cost of American labor, makes Liberty impractical for American merchant vessels. Now we come to ships building throughout the world. The United States had a lead in ship construction. We are in need of fast merchant vessels, tankers, and carriers as well as some refrigerator ships, which move from one port to another in the bulk of our dry cargo fleet. Most of these are not satisfactory for present needs. The stowage factor of the Liberty ship is fair. But their expensive fuel oil and their slow speed combined with the high cost of American labor, makes Liberty impractical for American merchant vessels.

New Officers

Officers of Paul J. Mahoney, Inc., 115 Broadway, New York City, are as follows: President; Walter S. Mahoney, Vice- President; James Mahoney, Secretary; John A. Treasurier; and Robert C. Steele, Assistant Secretary and Assistant Treasurier. Mr. Mahoney has been with the firm in the trading department.

25 Years in Business

John J. O’Kane, Jr. & Co., 42 Broadway, New York City, is celebrating twenty-five years in business. The firm was founded in 1921 by John J. O’Kane, Jr. and Philip C. Rutman, Jr. The firm is a member of the New York Security Dealers Association. Mr. O’Kane is active in the affairs of the Securities Association of New York.

N. Y. Security Dealers
Summer Outing June 20

The New York Security Dealers Association announce that arrangements have been completed for the 1947 Summer Outing to be held on Friday, June 20, at the Tuxedo Country Club at Rooslyn, Long Island.

Chester R. Dewey
President of the International Bank for Reconstruction and Development, will be the principal speaker at the Association’s annual dinner on Monday, June 16. He is expected that Mr. Dewey will discuss the future of the Bank’s two major projects of the “World Bank,” as well as the contemplated scope of its financing service.

Featured speakers during the first general session of the convention was Mr. and Mrs. John H. and Barbara Herman, and Mr. and Mrs. Edward W. Hallock, well-known industrial banker and partner of Lehman Brothers.

New Telephone Service

From the 1946 Annual Report of the American Telephone and Telegraph Company

1. In no year since the telephone was invented was there such a remarkable increase in the amount of telephone service furnished to the American people as in 1946. The net gain in the number of Bell telephones was 1,549,000, or more than twice the gain for any previous year. Additional telephone numbers were added at an average rate of more than 25 minutes every working day.

2. Achievement of this kind reflects the skill, energy and determination of the 61,000 people working together on the system. The number of new employees has been trained in telephone work. It is anticipated that serious difficulties caused by the persistent scarcity of certain essential raw materials needed in large quantities.
Railroad Securities

During the past week and a half the New York stock market has been agitated by reports of a railroad strike which threatened to get out of hand. Although the Commission of Transportation has ordered the railroad companies to operate on the normal schedules, it is feared that the strike may still develop into a general strike which would have serious effects on the economy of the country.

The strike began when the workers of the New York Central Railroad demanded an increase in wages. The company refused to grant the demand, and the workers struck. The strike spread rapidly, and by the end of the week it had involved all the major railroads in the country.

The strike has had a serious effect on the stock market, which has been in a state of great excitement. The prices of railroad stocks have fallen sharply, and there is a general feeling that the strike will have a long-term effect on the economy of the country.

The Commission of Transportation has taken steps to prevent the strike from spreading to other industries. It has ordered the companies to operate on the normal schedules, and it has authorized the use of police and military forces to maintain order.

The strike has also had an effect on the labor movement. Many union leaders have criticized the workers for their actions, and there is a general feeling that the strike has weakened the unions.

The strike has also had an effect on the political situation. The Democratic Party has been criticized for its handling of the strike, and there is a general feeling that the party will suffer politically as a result.

The strike has also had an effect on the economy of the country. The strike has disrupted the transportation system, and there is a general feeling that the economy will be adversely affected.

The strike has also had an effect on the international situation. The strike has been interpreted by some as a sign of weakness on the part of the United States, and there is a general feeling that it will have international consequences.

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our own future peace and prosperity.

Coupied with sound domestic measures is the need for sound foreign policy, of economy, oficiency, of encouragement to small new businesses at home, and we cannot afford such a program. In fact, we cannot afford not to engage in such a program.

Properly carried out it would be one of the greatest safeguards against depression or economic collapse. 

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Virtually all business and consumers, and the people half froze throughout Europe this past desolate winter. This coal production is now unacceptably low, not only about 40% of prewar. It is a problem that is not held back by any failure to agree on the overall peace treaty for all of Germany. It rests entirely within the scope of agreements between the Britons and ourselves and the proposals of our own productive resources. Ruhr coal is the keystone to a healthy Europe. The Ruhr should be developed under private ownership without monopolies or cartels. It should not be socialized. Former Nazi's should be barred from ownership.

It is the encouragement of the Belgians, Dutchmen, and Luxembourgers that most with us, and without complete detachment from Germany.

Second, in priority should be the encouragement of the Belgians, Dutchmen, and Luxembourgers and economic unions to accelerate this development and desirable movement of a free and equal economy for all millions of industrious people.

Agreements With England

Third in priority should be the agreement with England of the necessary steps and agreements for their long-term sound future as a free economy. We should not postpone a frank and friendly analysis and agreement with England of both the emergency and long term aspects of our situation arising from the extreme sacrifices and losses in the war.

A dozen other projects should follow, the order determined by careful study by the outstanding men of our country on a bi-partisan basis.

These are sweeping proposals that I have made in this time have made them not as Republic proposals, but rather in a desire to see a truly American doctrine developed after this war that is worthy of the strength and inspiration of the dynamic ideas, the peaceful position, and the great State of America.

I am convinced that the people of our country are facing a situation that cannot be dealt with by small programs, nor extreme impractical measures, nor by delaying. The people want to know how their leadership appreciates the world situation, and after frank discussion, the people will decide.

I welcome disagreement and criticism openly expressed. I suggest that it take the form of including definite counter proposals for the future long-term policy of America.

Let me make it crystal clear that I recognize in full the tremendous difficulties in the post-war world. I do not underestimate the clash of ideologies, the depth of misunderstandings, the thickness of suspicion, the bitterness of hatreds. I realize the size of the task of obtaining agreement and action on so broad a program in America. But what I propose is not vague or hazily idealistic or a dream. It is a practical, hard-headed, business-like, sound approach to the situation in which we find ourselves. The long-term cost will be less than the alternative cost of the current patchwork and partially misdirected loan approach with its arrangements and unemployment and economic instability.

The obstacles are not grounds for inactivity and inaction. It is not a time for timidity, or evasion, or delay. It is a time for courage, for frankness, for action.

I have faith. They have great faith in the people of America. I have great faith that we can win the peace and of plenty and of freedom for America and for mankind.

**WORTH SAYING AGAIN!**

---

**IN JULY, 1945,**

**THE NEW YORK STOCK EXCHANGE SAI..**

**PLEASE, DO THIS—GET OUT YOUR SERIES "E" SAVINGS BONDS and check them with the chart at the right. Then you will understand why we urge:**

"Hold the 'E' bonds you already have . . . you can't afford to cash them in."

**TODAY THIS SERIES**

**TWO YEARS STRONGER!**

The "E" bonds you bought during the war have not only increased in value, but the rate of increase has stepped up too!

As the chart shows, the increase in value of an "E" bond is greatest in the later years of the bond's life. (White bars represent the original investment on an "E" bond of $100 face value — the black bars show the increase in value by years over this original amount.)

Note how the rate of increase goes up in the second three years—and goes up again even more sharply in the final four years! This is why the Exchange advises you to put your bonds away until they reach their full value.

The bonds of our Government are the only securities this Exchange has ever recommended in the 156 years of its existence. We urge you: Save the easy way, through the Payroll Savings Plan or the new Bond-a-Month Plan. The Series "E" Savings Bonds you put away today offer the same return on your investment, the same safety, as the War Bonds you bought during the war years. You can buy them with confidence...hold them with confidence.

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**NEW YORK STOCK EXCHANGE**
Bank and Insurance Stocks

BY E. A. VAN DEUSEN

This Week — Bank Stocks

In Standard & Poor's first quarter "Current Analysis" of bank stocks the following statement was made:

"Regardless of inter-bank interest movements, bank stocks still offer considerable stability and have appeal for accounts requiring continuity of income. One possible harbinger of possibilities of dynamic improvement in bank earnings (and dividends) over the long term, such growth is not expected as long as money rates are low. Rather, the prospect is that earnings will vary only moderately from recent levels, with the general business outlook favoring earnings stability even in times of economic difficulty."

"Continuity of income" is a characteristic of the stocks of leading New York City banks, whose earning history of dividend payments together with other pertinent data.

The following tabulation shows the current dividend yield of each of the New York City banks together with pertinent data:

<p>| TABLE I |
|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Current</th>
<th>Annual</th>
<th>Dividend</th>
<th>Declared</th>
<th>History</th>
<th>Name</th>
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<tr>
<td>New York City-</td>
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<tr>
<td>Bank of Manhattan</td>
<td>1.25</td>
<td>25</td>
<td>1978 1974</td>
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<tr>
<td>Bankers Trust</td>
<td>1.40</td>
<td>41.4</td>
<td>2.0</td>
<td>1964 1951</td>
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<tr>
<td>Chase National</td>
<td>1.35</td>
<td>43.5</td>
<td>4.0</td>
<td>1971 1971</td>
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<tr>
<td>Chemical Trust, N. Y.</td>
<td>1.25</td>
<td>46.6</td>
<td>4.25</td>
<td>1968 1968</td>
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<tr>
<td>Commercial National</td>
<td>1.25</td>
<td>46.6</td>
<td>4.25</td>
<td>1968 1968</td>
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<tr>
<td>Continental Bank &amp; Trust</td>
<td>1.25</td>
<td>55</td>
<td>5.0</td>
<td>1963 1953</td>
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<tr>
<td>First National</td>
<td>1.00</td>
<td>43.0</td>
<td>5.0</td>
<td>1963 1963</td>
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<tr>
<td>Guaranty Trust</td>
<td>0.85</td>
<td>52</td>
<td>5.0</td>
<td>1961 1958</td>
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<tr>
<td>Irving Trust</td>
<td>0.85</td>
<td>52</td>
<td>5.0</td>
<td>1961 1958</td>
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<tr>
<td>Manufacturers</td>
<td>1.00</td>
<td>50</td>
<td>5.0</td>
<td>1963 1963</td>
<td></td>
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<tr>
<td>National City</td>
<td>1.00</td>
<td>40</td>
<td>4.0</td>
<td>1963 1823</td>
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<tr>
<td>Park National</td>
<td>0.90</td>
<td>50</td>
<td>4.0</td>
<td>1879 1863</td>
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<tr>
<td>U. S. Trust</td>
<td>1.00</td>
<td>27</td>
<td>4.0</td>
<td>1963 1963</td>
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</table>

AVERAGE: 1.38

Top of the line at the New York Stock Exchange, and net earnings, including security profits are included, the dividend yield of this group is 1.38.

Two weeks ago this column presented the dividend yields of these 17 banks (excluding Commer-

Table II shows the average coverage of the current annual dividend rate of the 17 New York banks.

<p>| TABLE II |
|---|---|---|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Current</th>
<th>Annual</th>
<th>Dividend</th>
<th>Declared</th>
<th>History</th>
<th>Name</th>
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<tr>
<td>New York Stock Exchange</td>
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<td>National Bank and Trust</td>
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<td>New Jersey Securities</td>
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<td>Laird, Bissell &amp; Meeds</td>
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<td>J. S. Rippel &amp; Co.</td>
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<td>NEW ENGLAND SECURITIES</td>
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<td>WAREHOUSE Mkt. of BANK and INSURANCE Stocks</td>
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<td>GEYER &amp; CO.</td>
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</table>

Factors Fixing Commercial Bank Investments

(Continued from page 6)

The economy of the United States is progressing well and most market is rapidly being converted into a buyers’ market, competi-

tion is becoming more and more acute, this naturally is having an effect on the banks to exercise more caution in their lending operations. In a period of transition the credit standing of an individual business may be more rapidly affected than in normal times, and here the examination has been made of the status of the individual institution, and investment policy can be evolved.

The Economic Scene in the United States

The economy of the United States is progressing well and most banks are rapidly being converted into a buyers’ market, competi-

tion is becoming more and more acute, this naturally is having an effect on the banks to exercise more caution in their lending operations. In a period of transition the credit standing of an individual business may be more rapidly affected than in normal times, and here the examination has been made of the status of the individual institution, and investment policy can be evolved.
count these conflicting tendencies and will pay particular attention to the following sources of commodity prices, the cost of construction and building activity.

The Policy of the Monetary Authority

Although the Treasury is less directly concerned with the money market today than for quite a time in the past and the Treasury instead of the Federal Reserve Bank is now redeeming obligations held primarily by the banks and commercial houses and reserve banks, the credit policies of all monetary authorities play a very important part in determining the volume of money and capital markets of the country. For the past, at the present time, banks must pay careful attention to the credit policies of the monetary authorities.

At the present time the active role of the Federal Reserve Bank, primarily by the Treasury, its purchases of seven percent bonds, and the volume of bank deposits through the redemption of maturing obligations held primarily by the commercial banks. As a result of the purchase of Government securities by the banks, they have already witnessed a material decrease in demand for loans.

More recently the Treasury has added to its purchases by redeeming Treasury bills. Since 80 per cent of Treasury bills are held by Federal Reserve banks, it is evident that a reduction of $200 million will lead to a reduction of demand for securities by about $180 million. In order to replenish its deposits with the money market, the Treasury has made calls on the commercial banks from time to time, thus reducing their reserve balances. Of course, these sales continue, let us say, for 10 to 15 weeks. It will not only wipe out all the loans by the banks and the reserves held by the member banks of the country, but it will also cause them either to sell short-term, or, and this has been the case in the past, to make large purchases of Federal Reserve bonds to replenish their reserve balances, thus borrowing from the reserve banks.

The redemption of bills by the Treasury, the reduction in demand for short-term securities by the Federal Reserve banks, and the reduction in demand for such securities on the part of the banks and other institutions, has had the effect of reducing the volume of loans for the purpose of financing the purchase of goods and services. The reduction of such goods is exceeded by the decrease in the demand for these goods and services, and in all probability will be substantially greater. The monetary dangers have passed and commercial prices begin to decline.

The banks have not played a passive role in the depression. The banks have been primarily in the market for real estate and other securities, which have been substantially purchased by the banks as a result of the sale of their own securities. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes.

In order to prevent a complete collapse of Government securities, the Treasury Regulation W were extended, and the banks were required to refuse to purchase such securities. In order to maintain a strong market in Government securities, the banks were required to refuse to purchase such securities.

In adopting an investment pol-
icy, the banks have paid close attention to the latest statements of the banks' capacity to hold such securities. In order to meet the call for the sale of their own securities, the banks have been required to reduce the volume of their own securities. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes.

In adopting an investment policy, the banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes. The banks have purchased such securities in order to reduce the volume of their own securities and to pay for speculative or investment purposes.
The Economic Outlook

(Continued from page 5) conceit that, and who generally brings it to the bank for what he thought was "the bank's money.""

I have heard me through you will be entirely free to fit my

marks into any one of those three

Almost two years have now elapsed since the boom

our swords back into plough

have been on a binge! By the

middle of the fourth quarter.

The fact is, we've been

agreed and we were taking a

large, that, the new era

has a field day.

Early in December signs of a change appeared. "Slacky* goods" command the bargain

The demand for flipp-

riggers bogged down. The New

York night clubs shut down,

On-account houses moved

bargain on a boom.

Elaborately and agreed that we were taking a

years ago.

The country was.

the

in the main are sound and even negli-

We banks are extremely

low and do not appear to be

a new and terrifically

swords to share."

Boomers. Our banks

American banks are

the

reach of a business adjustment

ourselves to the

in the economic picture—labor,

government. The best evidence

implications of the mass pro-

and mass distribu-

we are economically at

1945.

Importance of Balanced Income

Among Consumer Groups

One such implication of our current

in high-level production and high

in the public mind. But

there is needed for relatively

in and among the

in recent con-

by

As we turn now to the

of a business adjustment

and the fact that it has happened to
disposable income. Consequently, the reason

of advancing taxes and costs of living.

has shown, for example, that

to have in the year 1945, in order to
to $9,250 in order to match his dis-

another $1,000 a man in 1940

scarcely outgoes after taxes, in order to

match his earlier position

Now only limited groups of consumers

produce the current incomes

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The backlog for unsatisfied sales orders at Chrysler is as great as that estimated at General Motors a year ago, and it is expected to exceed $150,000,000 by the end of the year.

Mr. Lehman, noting that the UJA met its $100,000,000 goal last year, said that the $170,000,000 goal for this year is not an impossible goal. And he added that the UJA has a backlog of $125,000,000, which, if met, would exceed the goal.

In conclusion, Mr. Lehman said that the UJA is making a strong effort to meet its goal this year, and he called on the American Jewish community to support the UJA Appeal. He also urged the Jewish community to continue its support of the UJA Appeal, which is the United Jewish Appeal, the United Jewish Appeal of Greater New York, and the Jewish Agency for Jerusalem.
Where Do We Go From Here?
(Continued from page 5) to us as mortgage brokers can only look to ourseleves. As a nation, we cannot afford to slack off in our
When we give our attention to the "gaps" in the market, to the amazing situation, Employment is at unprecedented levels, and the stock market has reached an all-time high, making the 1929 boom level. Our people have more than $300 billion in the market and purchasing power. We have shortages of food, meats, vegetables, for goods in many lines. We are producing a surplus of goods in many lines at record price levels. We have the United Nations; we have the United States, our government; we have the atomic bomb, our most important asset, and a highly favorable factor, our national defense. These forces and our hearts are heavy with forebodings. Our mental attitude is reminiscent of those of the 1929, when a stern parent escort us to bed, before the blank of the house. We know that something is coming, although we don't know just how much or how intensively. We realize that we have had a long drive, a continued, intensifying expansion. In fact, it continued so long that it is difficult to think such continual expansion would have any effect. Now it seems, as in all such cases, that the pendulum has swung far too long, that we are beginning to dominate the economic
The business cycle, which some businessmen, premonitarily, and conveniently, is forgetting, is beginning to reassert itself. As a matter of fact, the recognition of the swing of the business cycle is capitalism's "triumph of the balance of effort" in the past and present. The expansion process, we have seen that the credit-expansion periods are always at the end of the cycle. The credit of this cycle is not something new, it is a something old.
Thus far, we have seen that the current times are not something desirable, inasmuch as the depression of 1929 was not something undesirable. The...
Inflation, Interest Rate and Public Debt Management

(Continued from first page)

The real estate loans in these same banks between March 25, 1947, and the end of June, 1939, rose from $1.015,000,000 to $1.670,000,000, an increase of 65%.

Scare Goods and Forced Wage Increases

Now this price rise is by no means the only increase in quantity of money and bank credit. Through the war, goods grew steadily dearer, by virtue of the price rises of V-J Day, as the Armistice of 1918, a tremendous increase in the standards of living from the United States to all the other countries, far in excess of the volume of goods coming in. In the 1918-20 boom this excess was paid for to the extent of about $3 billion, in the United States Government and foreign Governments, but the part which, or more than $3½ billion, by means of savings offered by private credit. This time very little private credit is being supplied. Practically all of the excess has been going out among the people, either as outright undisguised loans by the United States Government, or we may regard as gifts disguised rather than loans. In this present day, many markets have been drained of goods, and very especially of foodstuffs, which would otherwise be selling here at lower prices.

In the second place we have had since V-J Day an extraordinary volume of disturbances due to strikes and labor disturbances. And we have had low efficiency of labor partly because of union policies, in the fact that men are turning from old jobs to new jobs and needed time to learn their new jobs, or to secure new jobs, so with the result there are scarcities of particular parts which have caused reduction of layoffs and which have reduced the incentive of men on the job to do full work lest other lay-offs should come through the scarcity of essential parts. Moreover, our railroads, overworked during the war, had been short of cars and other facilities and have constituted a bottleneck at times. Thus in the post-war period there have been and there remain acute scarcities of particular components needed in production, among others other types of steel and building materials. There have been delivery difficulties, due to strain, tension and uncertainty. We have had, moreover, during and since the war, the wholesale strikes of our 40-hour week legislation and, in addition, forcing up many other prices, resulting in a labor movement backed by Government pressure.

Inflations Move in Zigzag Curve

Yet not even the wildest inflation moves in a straight line, because of the temporary and sensitive price rises rise and fall rapidly. In the case of the depression grave distortions come. Thus the cost system gets badly out of balance. In important industrial product, which are going down, their losses, as their costs mounting much faster than their prices. They are getting by and by out of line that depressions are followed by sharp rallies. Reactions in which the general level of prices will be below the previous break, even though the upward swing is subsequently resumed. A violent inflation is a matter of peaks and valleys. There are no financial devices which will level inflation off completely. We will have to sustain an inflationary policy.

Inflation, in Monetary Sense, Less in 1918-19 Than Today

It was incorrect in 1919-20 to apply the term "inflation," in the monetary sense, to the economy of that period, except for part of 1919. The rising bank loans of that period were due to the flow of the gold standard which had been sold otherwise, because the phenomena that were taking place. They were in fact, increasing difficulties. We were very early on the gold standard and we were losing gold to the outside countries, which was taking place, as well as goods. We could not draw on our credits in Europe for the gold in the bulk of our exports. Because the factories in Europe had no surplus credits in these countries and were buying more than they sold for deals with them also. We had to send out gold with our balance of trade, and in that way. The reserves of our Federal Reserve Banks went down, we were to the extent of member banks were under constant pressure, and the expansion of bank loans went on at a steadily rising rates of interest which reached 7% and even 8% for the good customers of large city banks in 1920. Today the credit expands against commercial borrowing or other borrowing under the great ease and at fantastically low rates of interest. The existing 1932 money and bank credit is far more easily and effectively increased price rise of today than it was in 1919-20.

Federal Reserve Manipulation of Interest Rates

The gravest danger of all in regard to inflation is the absurdly low rates of interest based on Federal Reserve securities. This constitutes a great expansion of bank credit. This rising the war would have been possible if the Federal Reserve Board had not bought some $24 billion worth of United States Government securities, or the Government securities they pay for them with checks on accounts which come into the possession of the banks and which the member banks redeposit with them, building up reserves. Credit expansion, deposit of accounts on the one hand and loans and investments on the other hand takes place on the basis of reserves in excess of the legal requirements. During the war, the Federal Reserve Banks were to the point that the member banks had a sufficient excess of reserves to enable them to expand credit. The Federal Reserve Bank basically low rates of interest.

Parenthetically, when one says "Federal Reserve Bank-manipulated rates", he means that the Federal Reserve Banks and not the member banks, should not be charged with the responsibility for this folly. It is, as to when the Federal Reserve Banks shall buy and sell Government securities, made by the Open Market Committee, on which the Board of Governors of the Federal Reserve System was still to this day, Washington has had a major role in the votes since 1934, and the Federal Reserve Banks are helpless in this matter under the law if the Board of Governors would like to make the representatives of the Federal Reserve Banks the Open Market Committee. It is probable that there are men in the Federal Reserve Banks who are as deeply disturbed by these low rates of interest as anybody else could be.

Interest Rates and the Public Debt

The existing low interest rates have been made possible only by a substitution on a wholly unprecedented scale of bank credit for the commercial banks, which is not a force of the people in financing the war. This in turn has been made possible only by the gigantic purchase of Government securities by the Federal Reserve Banks themselves. The low interest rates and the gigantic volume of bank credit and money in circulation constitute a continuance of the threat of a wild inflation. We must reverse this process. We must bring down our Government securities out of the banks and out of the Federal Reserve Banks, and the process interest. This interest rate has reduced a great scale of bank credit and the volume of money in circulation.

How to Shrink the Volume of Money and Bank Deposits

How is this to be done? It is to be done by the people long-term Government bonds at rates of interest that will attract them. What these rates will be I do not venture to say. I think that they can be intermediately between the existing rates on long Government bonds and the rates that the European countries are paying on long-term bonds in London. This view rests on the conviction that the cost of raising long-term Government securities and in the general money market, would be far less if the government could supply powerful counterparts tending to hold interest rates down. These counterparts are:

1. An adequate rate of interest on long-term bonds, which would bring in from the people a great deal of their own securities, which would raise the rates on savings deposits so low that, to many people, they would make savings deposits. While the mortgage interest rates for those who deposit their money in banks, and by them deposited in the Federal Reserve Banks, would replenish commercial bank reserves, and tend to raise interest rates. With commercial mortgage borrowers lam¬ tomers’ loans at higher rates of interest, and with bank re¬ spective Federal Reserve Banks and Government securities, the commercial banks would have a real incentive to lend. In the case of small depositors welcoming checking accounts by reducing service charges and elimin¬ inating service charges. They would need their cash. They would obtain an end of another large portion of the $2 billion in circulation in this way and in the process we would be raising the rates of interest on bank reserves, thus tend¬ ing to hold interest rates.

2. As the Government sells long-term bonds to the people and pay for them with checks on commercial banks, the commercial banks and the Government uses the funds obtained in buying back its securities. In this way, if the commercial banks, we should see bank deposits going down, the commercial banks and the Government apply to the legal rate of interest, unless the commercial banks would be reduced and this would tend to hold interest rates down.

There is so much slack in the existing volume of bank deposits and of money in circulation that a refunding operation, in the course of which the Federal Reserve System could do, would greatly reduce the Federal Reserve Banks’ holdings of Government securities, even though we very sharply reduced the reserves of the banks. This is what I am asking them to do. It is still possible to wind the vast floating debt of the Government at moderate rates of interest.

If, however, we let the matter ride until violent inflation is upon us and until real ques¬ tion has arisen in the minds of the people as to the goodness of the dollar, then the Treat¬

(Continued on page 26)
Inflation, Interest Rate and Public Debt Management

(Continued from page 25)

urally face a very difficult situation. Interest rates always rise in a violent inflation. And currency distrust is involved. Everybody is eager to borrow for the purchase of real estate or for the purchase of common stocks, or for the purchase of anything that has real value. Loans, on the other hand, are unattractive. They are not good as bank loans. They are not as good as dollars because you can't get dollars for them. Then there are the public utilities, and meanwhile the dollar can have gone down in value a good deal. Lenders are increasingly reluctant to lend and demand higher and higher rates of interest and are perfectly willing to pay. In such a situation the Treasury, wishing to purchase funds, would have to meet readiness at sharply rising rates of interest. Its options would be to issue 5 per cent bonds to repudiate or to borrow to the Federal Reserve Bank to purchase treasury securities, which would mean more fuel for the inflation.

Much of this has been em- phasized so recently in private discussion while the war was on, and in public discussion since the war, but economists and bankers. 2

The Postwar Policy of the Board of Governors of the Federal Reserve System

There is as yet no evidence that the Treasury and the Federal Reserve System have any intention of reverting to the former postwar procedure of vast excess of bank deposits and money in circulation which they have created. There have been, however, a long period of special report on credit policies submitted to Congress of the present and future plans of the Board of Governors. The preamble is encouraging. It says, "There can be no doubt that the country's money supply, several times greater now than ever before, is and will continue for an indefinite time to be a much in excess of available goods. Under such conditions, with the uncertainty of war and the financing no longer existing, public policy calls for vigorous attack on the basic causes of inflationary p r es e n t s. In this, it is true, the government is not going to stop, and re

verse, if possible, the process whereby it has created bank credit." After this preamble, however, the Federal Reserve Board is discouraging in the extreme. It declines to reverse the low interest rate policy that it has been advocating. Even the recent report, "the Reserve Board's assurance, to the Treasury that the Reserve Board's certificates will be maintained, if necessary, through open market operations." This is the request for additional powers for the Board of Governors to control the use of bank funds. One request is for additional power to raise reserve requirements which, if used, would tend to raise interest rates, but as the report indicates that they do not wish to ride on that train, it wonders why they ask for this additional power.

Another extremely alarming proposal of the Federal Reserve Board is to give authority to compel the member banks to hold a specified percentage of their funds in "automatically secondary reserves" against their net demand deposits. Now this use of the term "secondary reserves," to a man who understands banking, is an abuse of the English language which is difficult to characterize justly in temperate words. It is an illustration of New England logic, the rule of which is to call a bad thing by a good name, as example of self-defeating legislation. 3

A bank's secondary reserve is made up of highly liquid assets which the bank is free to use at its own discretion. It may sell them to get additional funds to meet a run. It may sell them to get additional funds to lend to its customers. Country banks regularly sell them when the crop is moving over so that they may have them available for deposit which comes in the following year. Government securities which a bank must hold as a specified percentage of its net demand deposits are not secondary reserves. They are fixed investments which can be reduced only in a fixed ratio as net demand deposits go down. I denounce this proposal as one which is sure to do serious injury to the flexibility and the usefulness of our banking system. It puts a fixed lid on the system, and it muffles the waters. Over

The Fears Regarding Increased Debt Service and the Capital Structure of Banks Through Increased National Debt

There is fear in the Treasury regarding funding the public debt at rates of interest which would cost the treasurers money. The ground that it would increase very decidedly the interest charge on the public debt, making more difficult the balancing of the Federal budget. There is fear in the Federal Reserve System of the public interest on long time Government bonds would bring down the price of the Treasury certificates which is true, and that this would impair the capital of those banks which holdings of long-term Government bonds. One may suppose that the Treasury must pay much to do with the delay of the Treasury in the Federal Reserve System in taking that deal that we preferred.

With respect to the debt service, let it be said that the situation is merely one of time. As I have already shown, a violent inflation will radically raise interest rates, and the Treasury as it issues new obligations to meet maturities on the vast debt, will act promptly so we can fund the debt now at moderate rates of interest, though the rates will have to be above the existing rates.

Balancing the Budget

With respect to the balancing of the budget, it must be said that this is a problem which is at the moment basically facetious. The fact is that we must contract, rather than expand, the Federal Government drastically and radically if we are going to remain solvent. Interest on the debt service in the Government's expenditures makes all the more imperative a radical reduction of other expenditures. It is difficult for the Treasury to make a Executive assistance a n d a against powerful Executive and bureaucratic resistance. The position to position is strikingly enough evidenced by the actions of the governors in the departments other than War and Navy with 250,000 people between June 14, 1935 and June, 1936. The Navy and the War Departments decreased their civil and military personnel during that same period. But abolition of s o m e w a r agencies and cutbacks is extraordinary, and merly that many of the "displaced persons" went as refugees to in the departments. We must have a drastic cutting out of the Civil Service and a drastic elimination of unneeded Federal Government functions. We must get rid of the expenditures for which a good case could be made if the Government were rich and could afford them. The fact is that the war has made us poorer, and that we cannot afford to do what we thought we could afford.

Expenditures on Veterans

We must contract very radically on expenditures on our veterans. We love them. They are our sons and daughters. We love them. There are over 11 million of them. They are in every family. They are a part of the country. They are a class apart they can, of course, ruin the Treasury, ruin themselves and families and themselves. Few politicians dare resist them. But they are our sons and we are taught to love them. They hold the country. The future of the country is theirs. They have to decide for themselves whether they will be taught by those who love and by those who among them, a numerous body, who understand financial matters, to hold back in their demands upon the Government. Much indeed of veteran expenditure is not in response to veteran demands, but to the demands of politicians who hope for veteran votes.

The demands of our War Department and Departments for funds to keep us in readiness for danger we must also scrutinize. The reason for this is the danger for keeping the dollar as the world's reserve currency, and the dollar in the London London market.

The immediate effect, upon commodity prices, of cutting the good dollar, the Index of the Bureau of Labor Statistics, which was valued at $35 in 1921, the gold dollar in 1926, averaged only 75 in 1934 and only 20 in 1935. But the gold dollar means so much confidence in the world when we debased our dollar that gold rose in value as against goods, and prices, measured in the new and smaller gold dollar, rose very little. The power of the dollar to maintain that part of the rise in commodity prices since 1935 represents a far greater loss than we had in the devaluation in 1933-34.

The great expansion of bank credit that took place in the months of May, June, 1922 and April, 1928, amounting to $131 billion in deposits and about $30 billion in investments, represented not qualitative inflation, but rather a quantitative inflation. The gold dollar was the gold standard. Our commodity prices did not rise. The great expansion of bank credit out of gold and other foreign exchange"...
The quality of our bank credit disappointed many. The American public learned this great excess, as was revealed dramatically in the bank holidays of the late 1930s, which followed in the years 1930 to the banking holiday of early '33.

Restoring the Full Gold Standard
We should restore the full gold standard to the United States, but as a preliminary to doing that we should greatly liberalize our banking laws, which are not designed to permit the public to redeem in gold. To make it possible for the Government to protect the quality of our currency by paying out gold on demand, we should radically reduce the gold demand obligations. Funding the public debt on the lines Italy has described above would accomplish this.

We have not changed the nominal gold content of the dollar since February of 1934, and so we are the only free country to be in a position to demand a smaller gold content. We refer to the so-called buying price and the so-called selling price of gold. The Secretary of the Treasury has the power to vary these without reference to the gold content of the dollar and without reference to one another. These provisions which should certainly be stricken from the law forthwith.

Despite the great abuses to which our currency system has been subjected since 1933, there has been little evidence of domestic distrust of the dollar. Down to the outbreak of the Second World War, the Treasury performed well in releasing gold for export whenever the occasion arose and at the lower gold point in the foreign exchanges. Moreover, dentists, jewelers and others who hold gold for industrial uses can get the gold from the Treasury at the fixed price of approximately $35 an ounce.

We had a great flow of gold coming to us because we had, nominally at least, a fixed gold price, which was $35.42 an ounce, whereas Britain and a good many other countries had no fixed gold prices, and the relative values of gold came to us through fear of Hitler and through fear of war in Europe. We had a great flow of gold because Europeans trusted the dollar as because they distrusted European currencies and the physical safety of gold in Europe and the United States seemed to be least dependent on place. Our people, for the most part, continued to trust the dollar.

Some domestic distrust was manifested chiefly by the sales of gold in London by Americans. But the effect of this movement has been the great influx of gold sent by foreigners who distrusted Eu-

The jewelers who are willing to break the Secretary of the Treasury's moral authority, the only authority he has to maintain the gold content of the dollar, have been able to do so.
The Stockholder and the NYSE

(Continued from page 10)

reasonably uniform standards of corporate charter, by-law, and in-
duced responsibility of members for the divergent laws of the different
states, has been a necessity. It has been
necessary that the membership of the New York Stock Exchange be
subject to a common standard. For this reason, the New York
Stock Exchange has established a uniform by-law procedure for all
members.

One of the most important rules of the New York Stock Exchange is the
By-Law 27. This rule states that the New York Stock Exchange shall not
accept any security for registration unless it has been approved by the
New York Stock Exchange.

As another example of a non-voting
common stock, a registrant for the SEC must
meet the following requirements:

1. The registrant must have a
corporate charter that is approved by the
New York Stock Exchange.

2. The registrant must have an
audited financial statement that is prepared
by an independent public accountant.

3. The registrant must have a
board of directors that is elected by the
shareholders of the company.

SEC and the Stockholder

(Continued from page 9)

It is therefore to slow down the
process and let some steam escape from the high pres-
securities as needs be. Investor confi-
dentiality, for the economic welfare of the
market. It can exist only when the market is
organised on an orderly and clean. Only too often
would a company be under pressure to declare
a dividend or sell its securities, with the result
that security is not only the concern of the
the Commission's staff some time
to determine whether the demanded
measure is necessary.

If any registration statement contains a
leading statement, the Commission
may require that the registrant make
an effective or suppress effectiveness
of the registration statement upon
the issuance of the registration
statement is one of the reasons why
the Securities Act of 1933 was
enacted. It was not, however, the only
abuse known at the time. The Congress
set its sights as well on prevalent
high-pressure and speedy
of securities by inadequate,
false, or misleading
informedness from issuers and
merchants.

The public interest in tailormade
market. The Commission has
experienced no difficulties in
changing the then existing
distribution practices. It declares
that the public interest in this
that it did not.

The SEC has had to answer the serious problem of
the uninformed investing public and the
consequences of this.

No Inference of Merit In

The Commission may point out that the absence of a stop
order, or a stop order, may not
be a registration statement
Merit when registrants cease
to represent that there is no
the SEC that the registration
statement is accurate or complete
that the Commission has approved
the merits of the invest-
ment. The Commission may
make any further requirements
registration statement only on
the following point:
the SEC that the registration
statement is complete and may
be approved and sold
the whole truth concerning them,
and its unsound or hazardous
nature is fully revealed. So long
the inference of the particular
registration statement may
be registered and sold to
the public.

As the Commission stated in an
previous case, we are
the registrant, or as we do with
those who propose to offer
security to the public, without
the investor of the facts and
the registration statement.
That is the
the issuer. The investor in the
statement is an exercise of the
inference of the information
registered and sold to
the public.

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the public.
he said "The law should not seek to prevent investors from making bad decisions, but it should not seek to prevent bad decisions from being recognized in the simplest mechanism that will allow for that recognition, there should be full disclosure."

The sanctions exercisable by the Commission under its SEC Act powers are also limited to stop order proceedings. It may revoke the registration of a company that fraudulently practices in connection with the sale of securities or that fails to comply with the provisions of the Act, and it may suspend or delist

As you probably know, the Securities Exchange Act of 1934 contains the disclosure requirements of the Securities Act by providing for the filing of registration statements and annual and periodic reports with the Commissions whose securities are listed and registered for sale. It also provides for the filing of periodic reports by the issuers of such securities. The Commission may suspend or delist any company that fails to comply with the provisions of the Act.

As you know, the Commission has promulgated and enforced a series of regulations which are designed to enforce minimum standards of fair disclosure and to afford persons other than brokers and dealers an opportunity to get their views before the Commission. Persons who are not brokers, dealers, or stockholders of a listed company must be furnished a full and complete statement of the facts relating to the issue of securities, and they must be given a fair opportunity to be heard in any proceeding which may be brought against the company or its officers or directors.

right to have the management tell him how many security holders there are of any class in which the management is soliciting and have an opportunity to object to any change of terms of the stock or to the timing of the sale of the stock. Under the rules promulgated by the SEC, any person who receives a proxy solicitation must request the company to issue a proxy statement that includes a full and complete statement of the facts relating to the issue of securities, and the company must furnish a copy of the proxy statement to the person requesting it.

if you order a firm to buy securities, it is not entitled to sell you its securities if it is not necessary for you to know the difference between a broker and a dealer, and to inform the person to whom the order is in such a way as to make it clear that the order is being placed with the over-the-counter firm to the firm. If you require the firm to sell securities, it must be able to do so in a manner that is clearly understood and that it is not necessary for you to know the

Gambling Attitude Must Be Averted
We have all heard the old refrain that security purchasers must read a prospectus before they commit themselves to buy securities and that they will never lose money if they do. If these purchasers are acting independently of any consideration of the type of person who is making these sales, they may be better able to protect themselves.

The foregoing represents a very important aspect of the Securities Exchange Act of 1934, which seeks to ensure that the Commission is in a position to enforce the provisions of the Act. It is important that the Commission has the power to compel the disclosure of material facts that may affect an investor's decision.

As you know, the Commission has promulgated and enforced a series of regulations which are designed to enforce minimum standards of fair disclosure and to afford persons other than brokers and dealers an opportunity to get their views before the Commission. Persons who are not brokers, dealers, or stockholders of a listed company must be furnished a full and complete statement of the facts relating to the issue of securities, and they must be given a fair opportunity to be heard in any proceeding which may be brought against the company or its officers or directors.
Government Controls Undermine Common Stocks as Inflation Hedge

(Continued from first page)

The German Inflation

The first World War left Germany a hollow shell. Its industry had been fully converted to war production; the railroads were worn out, its raw materials were exhausted and the money burdens of the Armistice were intimidating. To meet current obligations and in an effort to keep the economic system running, some claims were paid in legal-tender currency, the bearable, and to dilute the value of the currency. The money practiced a credit scheme, created by the deficit spending as well as of the inflationary technique was used to control the earnings accruing from profits and punitive taxation accomplished when defense was required.

German Financial Technique and Interest Rates in U. S.

This brings us to a conclusion that few people connected events in pre-war Germany and interest rates in the United States. In the 1930's when Germany was building its war machine, capital flowed into the Wholesale Prices. A chart of this would be around 300 million miles of railroad tracks that were used.

A chaotic condition resulted when the inflation was completed, the wheels of industry had stopped, and all capital had left the country. The inflation was almost insurmountable.

The Lessons for Investors

There were three main factors of importance to investors: (1) The 66 monotonous market had average values of $25.53, and many classes of bonds bore as little as 7% in stocks. In other words, economic or financial factors were in the money position. Regulations and laws of the United States loomed large. (2) Conditions were so volatile and changing that even the well-informed speculator stood a chance of losing all his money. (3) On an inflation, the loss protection was geared to the cost of living until the inflation ran its course.

Financing the War Machine—Pre-World War I

War Industry German. Few people associated Germany with high interest rates in the United States, and fewer still with the similarity in government and monetary techniques used in pre-war Germany and those used by the United States in the last decade. That Germany performed an economic miracle in its war machine from practically nothing is obvious. However, the purpose of this article, our interest being in stock market values, will be discussed shortly. Germany was forced to proceed on its own in a war situation in which the government could spend indifferently without the necessity of having to raise a sufficient amount of money. While the final pattern was set at the end of the Berlin experiments and stopgap, the basic elements were the very rec- eivables of governmental deficit spending. All government taxes and through forced savings which in turn went to war industries, by means of deficit controls, including rationing, price fixing, income taxes, accretions, the result of deficit spending from the producer's point of view and an alteration of the price vectors, every phase of the economic and financial structures were made to make the money spent by the government flow right back with minor bene- fits. Two aspects of this are of great interest for comparison: first, the German technique has since been used in the United States and, second, the German coupon debt should be converted to lower coupon debt to keep down the cost of the deficit financing. The objection to this plan is that the debt burden is not so easily borne, and to dilute the value of the currency. The money practiced a credit scheme, created by the deficit spending as well as of the inflationary technique was used to control the earnings accruing from profits and punitive taxation accomplished when defense was required.

The German Technique of Adjusting Taxes

The German government has seen as indicated in the following table, that with one important exception. While the national debt is up almost 700%, interest rates are down. The underlying significant phenomenon cannot be over-em- phasized and will be enlarged on the following table. A showing the yields from various financial items will be equally informative.

<table>
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<tr>
<th>Date</th>
<th>12/31/46</th>
<th>12/31/44</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Debt (Gross)</td>
<td>$39.1 billion</td>
<td>$25.9 billion</td>
<td>$13.2 billion</td>
<td>20.3%</td>
</tr>
<tr>
<td>Interest Charges</td>
<td>$3.6 billion</td>
<td>$2.5 billion</td>
<td>$1.1 billion</td>
<td>44.4%</td>
</tr>
<tr>
<td>Cost of Living</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>In billions</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

10-Year History of a Fund

In an effort to portray the prob- lems of an investor in the past, the table is presented. A fund of $500,000 has been invested at the beginning of the period and followed through to Dec. 31, 1946. It will be noted that the fund is measured by the Dow, Jones average during the period, about the same level on both dates, which makes the comparison easier. One can see from the table that in the last half of the period, without materially changing the capital structure, dividends and income payments were made. As it was intended primarily to show that security purchases in 1936 through to date, certain short cuts of dividends and income payments would be necessary if the approach of the original pattern of a conservative portfolio is to be maintained.

The distribution of the fund between the two major categories is arbitrary, but reasonable. It is balanced so as not to take advantage of the performance of any one group. The important point is that the results would not vary importantly if the composition were moderately changed, or if different averages were used. Actually, in recent years, due to the performance of the original funds, the funds in- vening foreign government and corporate bonds were put in the non-corporate category and some would remain constant. No doubt that this is due to the better performance of the broad bond market and the fact that the average non-professional investor is not able to follow this wisely or have fared this well in recent years. The Dow-Jones index will serve to illustrate certain develop- ments of vital significance.

Results Shocking

The tables of the results obtained from this portfolio over this ten - year span is nothing short of shocking. Certain forces, no matter what label they bear, will not stand the test of time. The table does not show how the value of the common stock dividends rate and the tremendous possibilities available to those equipped to analyze and interpret these possi- bilities. The value of the common stock was $1,255 million in 1936, $25,000 then $116,000, only to reach $5 billion in 1946. When the market, from a prewar status, was driven from $175,000 to $138,000 and the subsequent rise to $250,000 in 1936 and again down, being $175,000. The entire performance of the common stock during this period of progress, but the professional and the investor who had a great opportunity to reap capital gains—which should be reinvested in inflation- and gyrating economics that historically can hand in hand. Fund’s Dollar Value Unchanged

The table shows that the dollar value of the fund is unaltered. The table shows a major change in the value of the dollar from 1936 to 1946, the 93 billion in the national debt. Adjusting for the change in the purchasing power of the dollar, which was de- clared by the cost of living, there was no gain or loss of $175,000 or 25%. The race is on to keep up with the rate of in- flation to be faced with any time in the race.

No Protection from Any Class

Possibly more significant is the fact that there was little to choose between the common and preferred stocks, bonds, preferred or common and preferred or common. Abandonment of the assumption of inflation techniques, it is clear that this is far from evident. The position of the individual bondholder is one which is restricted to legal is disheartening, but more or less equal to the position given to individuals who would be the beneficiaries of declining interest rates without
Inflation Uncontrolled

It is difficult to specify the precise terms of the inflation we are now experiencing. Perhaps all that can be said is that to indicate the expansion in money values due to buying power available to consumers, there has been a rise in the cost of goods and services in the United Kingdom and in Canada, India, Pakistan, and New Zealand.

In 1937 the United States had a volume of money in circulation and deposits of $1,000 billion. The $1,000 billion for the United States, as of December 1946, is $2.56\% higher than the $1,037 billion of the previous year. This figure shows that the ratio of money to goods and services has increased very little in the past 12 years.

Inflation of the currency is the ultimate measure of the stability of a nation. A government cannot expand its currency 10\% without releasing the currency into the market and causing inflation. Inflation is the measure of the public's confidence in the government's ability to maintain a stable price level.

Inflation is caused by an excessive supply of money relative to the goods and services in the economy. The effects of inflation are felt by all members of society, but the most affected are those with fixed incomes and savings. Inflation erodes the purchasing power of money, reducing the value of savings and assets over time.

Inflation also affects the distribution of income and wealth, as the costs of goods and services increase, the purchasing power of money decreases. The effects of inflation are not felt equally by all members of society, as those with fixed incomes and savings are most affected.

Inflation is a threat to the stability of an economy, as it can lead to a decrease in the value of savings and assets, and an increase in the cost of borrowing. It can also lead to a decrease in the value of currency, and an increase in the cost of living. Inflation is a complex phenomenon, and its effects are difficult to predict and measure.

Inflation can be controlled by a government through monetary and fiscal policies, such as changing the money supply, adjusting interest rates, and implementing budget deficits or surpluses. However, the effects of inflation are felt by all members of society, and the goal is to minimize the impact of inflation while maintaining economic growth.

The government of a country must be able to control the money supply and the rate of inflation to maintain economic stability and social well-being. Inflation is a threat to the stability of an economy, as it can lead to a decrease in the value of savings and assets, and an increase in the cost of borrowing. It can also lead to a decrease in the value of currency, and an increase in the cost of living. Inflation is a complex phenomenon, and its effects are difficult to predict and measure.

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Monetary Reconstruction Lags

(Continued from page 31)

conditions are very different. Some countries may choose to adopt a modified form of gold standard. For their purposes, for example, the gold-exchange standard may be as good as gold and payable in gold.

Among the basin of nations, today has three times as much gold as at the end of World War I. With the restoration of the conversion of money into gold (or into gold bullion) on a gold-backed market, or the market where it can be bought most with it, this 200% increase in the world stock of gold will be

ally in the various countries of the world according to their balance of trade and their competition in internationa

The dollar is in demand because our machinery and our manufactures are of such superior quality that the necessary gold and a favor

We see that the gold standard is a system which should take the lead. We have the only important manufacturing countries. The dollar is in demand because our machinery and our manufactures are of such superior quality that the necessary gold and a favor

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Washington and You

(Continued from page 5)

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The Recent Violent Stock Market Swings

By JOHN T. CHIFFEYNALE, JR.

Prices of Treasury obligations continue buoyant, as the authorities still maintain the supply of issues and however, somewhat without causing too much concern, in view of the uncertain economic conditions. The market is still not anything but temporarily being confined largely to selected intermediate- and long-term eligible states, along with the others. The partially-exempt, no has been taken off the book for quite a spell. The leading proposition of bills may have real signifi- cance, so this development should be watched.

The New York Stock Exchange reported a week of good old investment circles, that if the market does not show a tendency to get wild on the up side, there will be no reason to fear for the stock market. In fact, it is full well realized that investors must put funds to- work, and this could cause temporary bulges in prices. However, as long as this type of buying does not bring into the market at face value, there need be no cause for alarm, since the money managers should be in a position to control these funds which are in demand order to hold them within desired limits.

LESS FEARFUL

Because of the willingness of the authorities to sell securities to keep price in line, more followers of the government markets are veering to the viewpoint that prices are taken to the high waters above, that there has been a tendency to eliminate short-rate changes in the money markets in the near future. While this does not mean that there has been to prevent them from going on, there is not the same fear that there has been, that it will take place overnight. However, as well as the fluctuations of the World Bank bonds, before there is an unpearing of near-term rates. Rather, the authorities are suggesting that this opinion that alterations in short- rate changes are as inadvisable as has been believed, is true. As in the case of the Treasury issues, probably the prices of many commodities and increasing unemployment.

WAR LOAN CALL

The redemption of $1 billions of certificates on June 1, will have a marked effect on the bond market, but it will not be as effective on operations as would the retirement of a small amount of United States bonds.

Because other investors are the largest holders of the June certificates, it means that a large part of these funds will be committed to the government securities markets for rein- vestment. Another war loan call for June 2, for all practical purposes, eliminates government deposits from the banks. This means that reserve required on government deposits after June 1, will be so important.

MAY 24

Although there have been no published accounts of the happenings at meetings between Treasury authorities and street correspondents indicate that the press many have taken away from the sessions by certain of the bank's lines, but short, and will be the sold,! this indicates that any mopping up in the money markets at the present time.

While divorces were compared with the many phases of the money market and government securities, there were no indica- tions that long-term bonds would be issued unless the market took steps to that end.

Whether the securities that might be offered under tight supply conditions would be the same as the outstanding obligations or a new type along the lines of the Series "G" savings bonds, was sup- posed to be one of the important points taken up at the conferences, according to reports, was that changes in short-rate terms were probably be the same as had been expected.

SALES AND PURCHASES

The latest available Treasury figures (February 28, 1947) on holdings of government securities within the commercial banks, show that the banks have increased to lengths and maturities, with the 2½% due 1956-59 still the most popular. As of February 28, 1947, the member banks added $203,000,000 of this bond to their positions.

Noted, second most important acquisition among the taxable securities was the 2½% due September 15, 1957-72 which were bought to the extent of $117,000,000.

The 2s due June and December 1952-54, were next in line, with purchases totaling $106,000,000, including dealers, were the largest sellers of the 2½%, followed closely by the savings banks and then the life insurance companies.

The 2½% were sold principally by the savings banks and other financial institutions.

Aside from the 2s due September 15, 1949-51, which were bought in the amount of $14,000,000, all of the other taxable bonds, due from 1949 to 1955, were sold in very small amounts.

The heaviest selling was in the 2½% due September 15, 1951-53 followed by the 2s from 1952-54, then the 2s due December 15, 1950-51.

(Continued from page 3) 3

The term "price stabilizer" has been applied to some individual motives or...
emergencies, a proposal was launched for legislating out of existence the stock exchange members that have performing economic function for many decades. The existing stock exchange is an oligarchy, as a result of the speculation excesses of the last decade. It is not surprising that a rash, drastic and unprecedented provision may have been brought into the law. It is merely an illustration of the state of the times, and a byword by bending it too far in the opposite direction. It was never intended under the constitutional powers granted to Congress, that a local and private business transaction, not involving interstate commerce, could be entirely prohibited, and that a legitimate speculative business in stocks and bonds could be entirely wiped out by bureaucratic legislative edict.

But aside from this, there is a misconception of the basis for the proposal. It is assumed that the floor trader "by the act of selling a corner in the floor of the Exchange...has the affirmative right to information concerning the present and future condition of the market." On the same ground the stock exchange book dealer from purchasing a volume of information concerning the floor that he has private information of the rareness and the desirability of a certain lot to sell, for instance, exercises an undue advantage over his competitor; the floor broker or commission agent or broker may be forbidden to buy and sell; the floor broker may, in the same ground, obtain a monopoly of the stock exchange, which is a "privileged" position, not possessible to the floor trader. Should real estate be outlawed because they have a skill and the ability to sell land, but who deal with them, they have! It is to be expected that one who exercises a skill and the intelligence that his skill in the market, with the skill in the market.

Unless fraud or deception is involved in the sales, the competition of the floor trader, which is an "unnecessary" act which injures those for whom the floor trader is, and therefore is not subject to the rules of the exchange, is but the performance of an assignment under the law of the land.

Rules on Reporting Trades

In addition to the unwarranted and unjustifiable restrictions on the floor trading restrictions, there is another obscure curb on stock market transactions. I refer to Section 16 of the Securities Exchange Act, which sets forth the duties of (1) each officer and director of a corporation whose securities are registered under the act, and the owner of more than 10% of any class of its stock, (2) any broker or dealer, and any person who is directly or indirectly interested in the purchase or sale of any such securities. The section, as it has been and still is, filed with the Commission and the Securities and Exchange Commission, showing his holdings in the company's equity securities and reports of transactions thereof, any change which occurs in his holdings, any of those persons from transactions completed within six months of his sale, or of any security with which he is associated may be recovered by the corporation or by any security holders in the corporation.

The exercise of legislation is unique. There is nothing analogous in the legislation in Europe. It goes beyond the purpose of the exchange of public information of private affairs of individuals, except possibly in confidential or personal transactions.

The motive of the legislation is clear. It is an effort to suppress "inside information" obtained by managers and directors of corporations, concerning the financial and managerial powers at the expense of the security holders. According to the Securities and Exchange Commission, for the confiscation of trading profits to the corporation, the Department of Justice, it states that the confidential information obtained by its position as a real role, the confidentiality in its capacity as an owner or principal stockholder.

Undoubtedly, instances of such abuse, and abuses have occurred, and were elaborately cited in the SEC report, which preceded the passage of the Securities and Exchange Acts. But in some instances, the doctrine goes beyond the scope of reasonable regulations, and is unenforceable. It is a damper on individual enterprise for those who can best afford it. In Great Britain and leading common-law countries, the manager, directors and the corporation, and have been held civilly and criminally liable for losses to the stockholders, and have taken their personal ownership for the transaction of their duties. This principle is basic in England and in the States, and there have been numerous instances of these countries about officers and directors where this is the case. But legal actions, have been taken, in times, through the schemes of the "rackets," and laid to be dealt with accordingly. But the trustee as applied to corporation management is not as applied to private dealings of an officer or director in the shares of the corporation. He has, it will be noted, or in which he has personal interest, in the other's shares. The 10% ownership in the corporation is a large gap to discourage investment to that extent in a corporation.

The argument of the executives and directors of corporations is that a corporation itself is the only minimum or limited amount of a company's securities, and is the right gap between management and ownership in business. There have been cases where railroads have been held in the past, and that the officer owned was in the corporation over which they presided, there is the right to own an outstanding share for the corporation. The latest developments have been a class of paid "professional directors" on corporate boards, and the ownership of stock, which has large and self-interested interests in their companies, is in their own interest to have the ownership in the company. And, there would be the same personal interest in ownership and management.

Time to Call a Reversal

With the public reversions against New Deal bureaucracy as the result of recent elections, it is now high time to eliminate some of the barriers set up against legitimate business enterprises. In the case of the American business has been in the dog house, and although, the free enterprise economy has been exploited by politicians and economists, and it can only continue if the continuous enactment of more restrictive laws and regulations with such things as the Government bureaus as well as power-seeking retribution, this is the case with little freedom and still less enterprise.

In an illustration of the insatiable desire of bureaucracy to extend its sphere of control and destroy the fundamental businesses of private enterprise, the Securities and Exchange Commission to regulate the sales of securities listed on a stock exchange, as well as other information and current information "to it besides subjecting such sales to the same degree of supervision as the like. A bill to this effect was introduced in the House by Representative Clarence Lea California. The effect of this proposal, in low, would not only burden business with a maze of morbid bureaucracy, but further restrain the growth and expansion which individual investors enterprises and discourage a wider distribution of equity ownership and the public. As the bills are taken in, with previous developments in this regard, it is a question of time when further statutes, this time, will be directed at business's enterprises in a strategic purpose of bureaucratic manipulation.

Perhaps it might be well at this point to state, I am a student of English and German and more particularly of English language, regarding the dangers of excessive government control. This, the following paragraph of his classical treatise "The Spirit of Laws," in "A Treatise on the Law and Trade," in 1832, said:

"The ever-increasing complexity of the life of the people of our society; the crowd of many millions, with its many industrial organizations, and the despotism of the free individual action, and of enforcing individual liability, in which our contemporary and pointing out dangers in common and necessary future actions, not apprehended and which can often be successfully attacked only as soon as the State can supply, it has been done generally to occur, with not, perhaps greater danger to the public welfare; all these to point to necessities for increasing intercorporations, central, or local. But the State is not in this respect to appear to me in the direction of too much restriction, and it is not necessary. The State cannot possibly control there is the greatest difficulty of making any general rules that will be of the wide variety of human dealings and circumstances, even in the simplest and most modest acts; and there is the still greater difficulty of imagining future circumstances, and of altering rules as the ever-changing circumstances and exigencies require."

"If it is frequently the case, and an irregularity to meet these difficulties by giving a power of appointment to the public department, the effect is to give the department an absolute power. It must be remembered that in these technical matters, the public interest is in the hands of a government department in which the public interest is in the hands of the wisdom of the particular inspector or officer who has examined the report. This report is then transferred from him to the higher officers of the department, the special knowledge of which is to be possessed by a member of the Cabinet cannot be expected to know much about the strength of a particular boiler, or the efficiency of a given safety-valve."

Last Call for the Diner

(Continued from page 8)

Last Call for the Diner

war chest credits prior to 1939 and 1941; when I see President Tru- man request that Congress cut back their credit or their war saving labor to secure further wage increases; when I see the Depart- ment of Commerce and Government agencies buying commodities at record prices in the past six months; when I view the huge aggregate deposits in American's commercial banks; when I note the farmers' exceptionally good prices for the past five years, as an example, by the result of some six years of con¬secutive good crops at better average prices, and as an example of this year's crops at fairly good prices, and as an example of the order of the day throughout the world, I cannot help but hope that, if I cannot help to escape; when I see the credit balances of invest¬ment and speculation on a New York Stock Exchange brokerage firms and the liberal credit balances, when I see loans direct from banks to investors for carrying on a good security speculation on a substantial portion of these modest investments in Government securities and other Government securities and other investments; when the de¬fault is sold, perhaps even sold. Also I believe I see rather significant and important, rather than the 100-cent dollar sale as a temporary measure and I still hoped we had in 1938-40. To that old dollar I am convinced we cannot return the early, if ever.

Accordingly, with stocks cur¬rently at 64 to 66 Dow-Jones Industrial average, I think, in the light of what I have been saying, they actually are selling at an equilibrium point, and are better with 1938 and 1942 lows between 92 and 100.

Already, it is among the largest groups, the oil stock group, valued at over $8 billion on the New York Stock Exchange; 92 million shares and a quoted stock market value of over $1.5 billion. The firm of Standard Oil has, it is reported, retained its bull market, several leading stocks in the group re¬main. The chemical group valued at $3.5 billion is still going strong, with substantial long-term, if not also short-term, rise. This beleaguered industry and its satellites, the harvesting equipment in¬dustries, the grain and vegetable stocks are likely to be next in line. The steel industry, as I have already pointed out, has already begun with the recent rise in Chrysler. The steel industry is rising. But the steel industry, since capital expenditures currently account for about 92 and 100, it is expected to continue large for an indefinite period ahead, probably as long as the postwar period, and will have to through 1947 from many and for the steel industry, and as the price movement, and the longer term movement, is indescribable. Such steel demand should be stimulated and new large construc¬tion projects, railroad re¬construction, schools, hospital and public building projects, et al, et al, et al. In due course, as usual, rail should attract speculation, it is possible to have a "busy American economy" enjoying. Another 50 million or 50 per¬sons at the highest wage rates if history and not have such excel¬lent purchasing power reflected in increased freight movements and substantial industrial estate; The power, in short, is now at a peak, and will remain in the future, and I believe that the time to call the "last call for the diner."
Steel Prices

In the immediate future, we believe that the average price of steel, as shown by well known trade papers, will be 3 cents a pound. This is significantly lower than the current average price of 5.5 cents a pound. The reason is that the demand for steel is expected to decrease, while the supply of steel is expected to increase.

Future Need for Steel

Along with recent public concern over steel prices, one must also consider the much speculation about the future need for steel. Steel is an essential material for many industries, including construction, manufacturing, and transportation.

Workers Not More Productive

But, such rostral increase in productivity cannot be accounted for by increased efficiency of labor alone. It is due in part to the better working conditions of the worker today. The modern steel mill is a cleaner and more comfortable place to work than it was in the past. The introduction of new machinery and automation has also contributed to the increased productivity of steel workers.

Communications Excise Repeal Sought

Congress has been asked by the telegram of the National Association of Manufacturers for the repeal of the communications excise.

Steel has overtaken the moderate rise of steel prices. Both the basic wage rates and average hourly earnings are reaching the highest level ever.
Sabath Attacks Short Selling

(Continued from page 4) of the Exchange Act of May 15, 1945, giving a total short interest in the stock of member banks of the Federal Reserve Bank of St. Louis that does not include odd lot short sales aggregating over 60,000 shares in that bank.

Consequently, I took the floor yesterday morning and reported the volume of short sales, and also the holding of customers' stocks by brokers in view of the market speculation. Again I de- monstrated, by means of tables of data detrimental to the national welfare and the safety of the banks, that last Wednesday I wired to Mr. Sabath, the chairman of the Reconstruction Finance Corporation, in the hope that the President of the New York Stock Exchange would call the meeting.

Mr. Emil Schram, President, New York Stock Exchange, New York City:

New York corporations show increase in their business and profits above the banner years of 1945 and 1946. Last year's in- come was one hundred and sixty-three million dollars, or about one hundred and seventy-five million dollars, for 1947, which will be four and one hundred and sixty-three million dollars, or about one hundred and seventy-five million dollars, for 1947. Country is generally prosperous, and grow- ing, and the necessities of the business is sloughing off, the record shows that retail sales for the New York corporation are increased from 5% to 14% through- out the country. In view of all these favorable indica- tions, I feel that the prices of many stocks have moved up almost one-half since November when many are companies are shown to be in the market. As long as prices are not being driven higher than ever before, I feel that the public should immediately stop all wash sales, broker stock loans, and short selling and if that can be done, the immediate raising of margins to 100% should be effected.

A. J. Sabath, Member of Congress.

Reply from Schram

Last Friday I received your letter and received the following message from him:

"Mr. Sabath, I have no blame for the slump in the stock exchange, but I would like to see the Securities and Exchange Commission, which is now releasing its rule-making power into the hands of the Board of Governors of the Federal Reserve System. You can, of course, address your complaint on that score to the Board of Governors, which, in view of the fact that you do not attack the Board of Governors, but the causes of recent weakness in the stock market, you have no complaint against the Federal Reserve Board. The former, I believe, is the cause of the recent weakness in the market, and will be able to take measures of an administrative character to advance the market. In short, I support the reflection that the Board of Governors, and that there is no reason why you should not address your complaint to the Board of Governors."

Mr. Sabath, if you wish to have an opportunity of expressing your views, please wire me at once, and I will arrange to have you called before the Board of Governors at the next meeting. I am writing this to show you that I am willing to have you express your views, and that I will see that you are heard.

A. J. Sabath, Member of Congress.

Volume 165 Number 498

THE COMMERCIAL & FINANCIAL CHRONICLE

Senior Margin Clerks

E Elect Hartranft Pres.

At the regular election meeting of the Senior Margin Clerks' Sec- retary of the National Margin Association of Stock Exchange, the following resolutions were adopted by elec- tors were elected to serve during the current session, Walter Hartranft, W. E. Burnett & Co. (1946), James Walker, Belshier, Hirsch & Co., T. J. Beirne, Gerald P. Roosman, W. E. Howes & Co., Secretary, F. Stocker, Abbott, Proctor & Assistant Secretary, John Hughegan, Eastman, Dillon & Co.

Natl' Bronx Bank of N. Y.

Opens New Main Office Bldg.

The National Bronx Bank has completed its new main office building at 149th Street, Bronx, N. Y.

Now Proprietor

ST. PAUL, MINN. - Lawrence E. Shaw, formerly a pro- prietor of Park-Shaunessy Co., First National Bank Building, St. Paul, Minn., has been drawn from partnership in the firm.

Henry P. Rosenfeld Launches Own Investment Firm

Whither, America??

(Continued from page 7)

endowed by a beneficent Providence, and surely we can have none here at home.

For years American people have lived under crisis government, moving from one crisis to another. The effrontery of their leaders, the product of its predecessor, some have thought, might perhaps enable its control over American affairs. Superstition, national jealousies, class prejudices and suspicions and anti-commercialism of the last years of life, were encouraged. It was a period of experiment and of government in action, so much of it was accomplished under the system of representative government. It was a period of experiment in which we were guided by the police of political power, and denied to all others; a period in which no government were created which, in the words of its author, could not be changed by Parliament and might provide shockers for the liberties of the people, and another of "a" period of prodigious spending with very little in return. It was a period of reckless and wasteful deficit financing on an unprecedented scale. It is an endless story of an enormous public debt. If we could take away from this whole mass of unconstitutional legislation the original source of that inflation which would destroy the paper money of the United States, and of all the attacks on constitutional government, some by men in power and some by people of power, and some by the preachers of foreign ideologies who are in the employ of the agents of the corporate State for our representative government.

But, my friends, the long period of trial is at an end, and is coming to its close. That goal was set by the fathers, and attained by the votes of America last November; a goal toward which the Republican people of this country are moving surely, effectually, determinedly. In many ways and on a broad front. First of all, when the Republican Congress defeated the minor tax bills by the Republican Congresses and the Republicans of the House, and New Deal explorers and extremists who have come to despise and to loathe the bills dispatched by the White House to Congress. It is a thing of reality, and without any ado, that steady progression of "must" bills, hardly a financial consideration, the House and Senate are making the only way, and in a way that the Constitution and the people intend to implement it, to the people to initiate and consider legislation. In other words, a return to government by the people through the agencies and dedicated servants in Congress.

Yes, my friends, the days when legislation was left to the most ignoble and inept judges of the executive department, contrary to the public interest and contrary to the Constitution, these days are at an end. Let us hope, this Congress has restored Congress, and to the people the power in fact of sovereignty of our basic law, and it is assuming the responsibility for the approval and the publication of public welfare legislation. Nothing is more urgent, everything is worse, and all of the New Deal for no other purpose than the capture of vast power for a large and effectual government, is the struggle for perpetuating the Administration's policies, and it has been brought to an end.

Not wholly ended, but sure, very, very much on its way, and worse, it is one of the extreme powers delegated to the

President over a long period of years and in the form of rent.
In their battles for equitable treatment by our political institutions, I do encourage resumption of savings in employment-providing small stockholder representation.

For example, whenever a wealthy individual or institution acquires a large stock holding in any corporation, representation on the corporation's board of directors is often promptly accorded. Although this disputable fact is that almost every corporation more or less is owned by investors, how often is a typical investor given any representation in the board of directors? Herefore, hardly ever. This situation should be changed. It seems to me that large companies have more stockholders than the true of such representative corporate corporations, Standard Oil, General Electric and practically every railway company.

I am inclined to think that the day will come when employees of a company, even in the practice of having one of their number as a member of the board of directors.

In Britain there are what are termed "professional directors." These men, usually experienced in some branch of industry, are hired by the directors to give them, in some cases, a sort of a representative character.

Not only did they wrest the franchise of the people from the hostile Indians; they also inherited the wealth of the feudal baron, and, instead of giving it to the people, they turned it to account for their own benefit and the benefit of the kingdom. This was the cause of the great enclosures of the 18th century.

I am just before a presidential election.

Can it be, then, my friends, that the Mr. Jones is using his vast financial resources to the democratic recession this year? Certainly, as Mr. Jones has pointed out, in the first place, the depression taxes a major cause of the depression, and, therefore, certainly would have a large bearing on the industrial situation, and industry, for so long as they may have a "right to do so," they may, of course, strike and shut down the industry, with the delay elimination of consumers and in themselves. That is what the situation is.

They demonstrated to a professional that the world what the American people can do for a free hand.

Bureaucracy Today that area which we proudly call the "bread and butter" area of government, this field of opportunities as it ever did, before. In a period when the opportunities to造福 matters are being recognized as a prospect in the next Great Depression, as the American economy is beingозвращed to a depression and suffering, it seems that only a prosperous world can assure a new era of depression, a devastated world. Indeed, the next world is necessary in the solution of many of our problems.

Perhaps I can best illustrate what I have in mind, with an Englishman, Herbert Casson, of London, who has the following to say:

PRIVATE ENTERPRISE The power to choose the work to do and the larger view, to know that I am free, to be able to see, to the state, to the master of the day, to dare to, to have the to serve the world in my own way. To make my own way, to climb, to rise, to serve the world in my own way, to climb to the top day by day, to be free to strike a mine, to climb, to rise, to serve the world in my own way, to climb to the top day by day, to serve the world in my own way.

How to Link Stockholders and Management

(Continued from page 11)

they have set up Advisory Committee, to be known by the name when ever crucial labor negotiations or crucial job situations arise. The League is prepared to cooperate in resolving disputes, but only in cases where a partisan will or the SEC should, under strict" rules, which are those of public relations.

Stakeholders' Meetings

Maybe not a major matter, but the time is ripe for an orderly process of handling annual reports, which are responsible in a nutshell.

The Realm of the self-enlightened" managers, of holding stockholders' meetings in order to provide an orderly method of presenting, with responsible resolutions, should be open.

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Economic Control and Political Freedom

(Continued from page 13) for its constructive criticism of economic and political arrangements which have become subservient to the pursuit of private profit. Yet, I argue, these ideas are as provocative as any before us. They are causing ripples of discontent to spread in the long grass of our daily lives. The question to which I want to call attention is how to meet those forces, how to turn them, and how to make the best of them.

On the national scene there is a feeling that the economy of this country is no longer working well. If we are to avoid an economic catastrophe, we must first understand what is happening and why. Economic control and political freedom are not mutually exclusive. They are complementary. We cannot have one without the other. If we want to have economic control, we must have political freedom. If we want to have political freedom, we must have economic control.

Economic control means that the government has control over the economy. Political freedom means that the people have control over the government. The two are inseparable. They are two sides of the same coin. They are two sides of a single problem. They are two sides of a single policy.

The problem is this: How can we have economic control without political freedom? How can we have political freedom without economic control? The answer is: We cannot. We must have both.

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No Depression Ahead!

(Continued from page 2) And finally, it will be because the Congress has made everything possible to help gain that maximum production — the one real source of national wealth and of the jobs and steady jobs — and the nation’s surplus for depression.

If there are features of the legislation as it is now the one feature that Congress management does not like — and it may seem positively detrimental. There is not one, too, which some think interfere seriously with what the NAM, CIO and AFL believes this legislation should not be the deciding factor.

The only criterion for this legislation is to see just whether it is normally in the public interest? Seldom, if ever, has a piece of legislation so reflected popular will. This measure in every respect reflects collective public opinion, in a far greater measure of industrial and economic liberalism at the public interest.

Get Politics Out of Labor Legislation

It seems almost too easy to think that neither politics nor selfish considerations nor the need to show off to the President's signature will any longer jeopardize the final enactment of effective labor legislation.

Failure to enact it after devoting most of a Congress to its consideration has caused the Congress to realize what the men want and have shown, in this second Congress, that we are not ready for that kind of legislation.

Isn’t it the public interest to outlaw industry-wide bargaining agreements with unions to combine to fix wages or costs of businesses? and thus consumers’ prices?

Isn’t it in the public interest to make unions legally and financially responsible for abuses which deprive the consumer of goods and services?

Isn’t it in the public interest to prohibit the closed shop as a form of monopoly?

Isn’t it in the public interest to make unions legally and financially responsible for abuses which deprive the consumer of goods and services?

It seems that to maintain the two things substantially wrong on Wall Street would be a complete and utter failure. But if one thing, battle, labor, agriculture, and finance together under the New Deal might have a chance to work it out. It is clear that the keynote to the whole part of the struggle is the issue of whether the government can help to reform the nation and the economy. If it can, then it is the duty of government to do so. If it cannot, then it is the duty of government not to do so. For the economy is the sum total of all of the people, and it is clear that the nation must have a government that can help it to work out its own problems. If it cannot, then it is the duty of government not to do so.

The key to the whole part of the struggle is the issue of whether the government can help to reform the nation and the economy. If it can, then it is the duty of government to do so. If it cannot, then it is the duty of government not to do so. For the economy is the sum total of all of the people, and it is clear that the nation must have a government that can help it to work out its own problems. If it cannot, then it is the duty of government not to do so.
The World Bank and the Private Investor

(Continued from page 16)

Bank, where-...
Investors Are People

(Continued from page 9)

Is it a question of whether the stock market is the best place for the business? It is not. The question is, does the stock have a future? Is it a good investment? Is the company sound? Will the stock go up in the future? These are the questions that investors should be asking, not the directors of the company. The directors are not responsible for running the company, they are responsible for making sure that the company is run efficiently and effectively.

The directors of a company are elected by the shareholders of the company. They are responsible for making sure that the company is run in the best interests of the shareholders. The shareholders are the owners of the company, and they have a right to expect that their money will be used wisely and effectively. If the directors are not fulfilling this responsibility, then the shareholders have the right to replace them.

In the end, it is the shareholders who bear the risk of investing in a company. The directors are not responsible for any losses that may be incurred. They are only responsible for making sure that the company is run in the best interests of the shareholders. If the company fails, it is the shareholders who lose money. Therefore, it is up to the shareholders to make sure that they are getting a fair return on their investment.

The directors of a company are not responsible for running the company. They are responsible for making sure that the company is run efficiently and effectively. They are not responsible for the success or failure of the company. The shareholders are the owners of the company, and they have a right to expect that their money will be used wisely and effectively. If the directors are not fulfilling this responsibility, then the shareholders have the right to replace them.

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London Still Leader in World Finance

(Continued from page 12)

Sterling, once an anchor of the free-world monetary system, has been in decline for some time now. The strength of other currencies, especially the U.S. dollar, has eroded the position of sterling in international trade. The British economy has been in recession for several years, and there is little expectation that it will improve soon. The British government has taken steps to stabilize the economy, but the results have been mixed. The pound has depreciated significantly against the dollar, and this has led to problems for British exporters and importers.

Sterling is not quite what it used to be, but it still enjoys certain advantages. It is the official currency of the United Kingdom, and it is still widely used in international trade. Sterling denominated bonds are still popular with investors, and the British financial market remains one of the largest in the world. However, the future of sterling is uncertain, and it is possible that it may lose its status as a major currency in the coming years.

London is the capital of the United Kingdom and is one of the world's leading financial centers. It is the headquarters of many international banks and other financial institutions, and it is the home of the London Stock Exchange. London is also a major center for international trade, and it is the home of many international organizations.

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Dealers Appraise

**NASD Self-Pricing**

(Continued from page 4) management of NASD had been called "a political push," is it
being has since been evidenced by the fact that the
have always been insufficiently
care of the welfare of their
not disentangled
are that bank
loans at $10 a week, was so
in the
had not the NASD address in
Alabama was established there.
the result that a letter which I addressed to
i.e. what does this
Washington, was
5.875 percent
"Washington, D. C.",
which is all that had been fur-
I received a so-called free copy of
the brochure by Miss Fraser
and after reading it rather hur-
rriedly I concluded that it had been
written at the
inspection and the
of NASD and as usual
were only being consulted in the matter of the ex-
and any
price and limited the
merit
available
you thought the author or pub-
lishers. But I had no desire to
the distribution. Although not a
selling
I dare to be
men of the
what its
would be
of
private
I believe the
of
Brochure had
any merit or sale-
better
members. My belief is that it is not
in their own
Member
is it to members?
An UPSTATE NEW YORK DEALER.

Sun Spots and Stocks

(Continued from page 8) because there have been no
to divide the
purchases
that
transactions are made at
the
years given,
Year
Purchase

Sales

Assess't

Price

1975

$19.58

$39.37

1976

$18.74

$36.13

1986

$34.88

$64.00

1987

$40.00

$70.00

1988

$45.00

$75.00

1989

$50.00

$80.00

1990

$55.00

$85.00

1991

$60.00

$90.00

1992

$65.00

$95.00

1993

$70.00

$100.00

1994

$75.00

$105.00

1995

$80.00

$110.00

New Stock
Profit would have been made
on every transaction, except the
purchases
1986, and would have
have been made on the
side also, if the
speculator
close to
short
any
year. 

We are now on the downward
curve of receiving beneficial
effect from
the
sun, and the
turning
point
the
January
the early 1950's. The
sun
runs about 11½ years, on the
average, and this means that we
have to wait until
for a change to the
fundamental
course of the stock market.
This phenomenon is that
an investor
might lose over the
few years, confi-
dent that
will be
limited to "functional research."

Loan division research is
supervised by
Mr. Robert Roberts, who has the
Title of
Assistant
Chief
Loan Officer.
Mr. Roberts
was appointed to this
position in December, 1989.

La Porte Resumes
In Albany, N. Y.

ALBANY, N. Y.—Vincent P.
Brown, the
management of
the
Investment Business from
offices at 338
Second Avenue, Mr. La Porte was
formerly
President
the
La Porte & Co., Inc.

Activities being curtailed. Hoar supervises loan research.

WASHINGTON.—Whether the World Bank's Director of Re-
search, Leonard B. Rist, who a few days ago—the Bank announc-
ed—left for a 3-week mission to Moscow, still long remains with
the Bank is a matter for speculation in certain circles in Washington.
It is said that Rist is happy about the trend affecting his division in recent months.
At the same time, in Treasury
his
planning.
and
power ideology.
In
if
be
is
not
then
the
be
was
that
in
real
work.

World Bank Research

Louis M. Roberts is With
Agar, Daniels & Co.

Special to THE FINANCIAL CHRONICLE

Louis M. Roberts has become associated
with the La Salle Street office of the
company's Chicago Stock Exchange.
He returns from Mr. Roberts was formerly
the
office of R. S. Dick-
ton of the Bank's staff. He was responsible for
the
control of all banks and other

Bank's

Finance

commercial

banking

jurisdiction

the

economic

in

problems

South

region

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Mobilizing for World Leadership

(Continued from page 2)

In our national prestige, we need to have, in the public mind, a ready means of communication between popular consciousness and governmental realities. All our tools of democracy, our courts and legislatures, need to be trained to think in terms of the high purpose and danger with which we are faced.

It is our purpose to extend this right of debate to every aspect of government, and to make the people familiar with the tasks of government and the role of government in the business of the world. We shall do this not by attempting to make government more efficient, but by making government more popular and more basic to American life.

In this way, we hope to give the people a new and more direct interest in government, and thus to create a new and more effective form of democracy.

In conclusion, we believe that the United States must be a world leader. To achieve this goal, we must mobilize the entire strength of our government and our people. We must work closely with our allies, and we must be prepared to act alone if necessary. Only by doing so can we ensure the safety and prosperity of our nation and our world.
Securities Dealer Says SEC Hasn't Been Much Help to Holders of Bonds of Enemy Countries

(Continued from page 7)

The bonds would achieve... (Continued from page 12)

for the first time in a long while, but don't. Every shred of... (Continued from page 12)

We Must Prevent Doom and Bust

In this economically disturbed time, the Federal Reserve System, the Federal...
Tomorrow's Markets
Walter Whyte Says—

Market picture still one of lower prices. Possible sharp rally in near future likely.

Another week has passed and we are still no closer to the answer of what the market will do the week after next. Last week. Part of the forecast made here in the previous column has materialized. Prices did turn up temporarily and market and dullness followed. At least it did on Monday. What will happen the rest of the week, or before the next column is written, is in the lap of the gods.

I will re-read last week's column you will see that it said that an increasing short interest would bring about a rally, followed by dullness and then another reaction. Signs of the beginning of Monday's market can be either intensified or emphasized. There is no question but that the market is weak at the moment. I don't, for example, think they can be dissolved into bull markets. It has occurred to me that readers of these columns might be impatient and want to do something. If there are, my advice to them is to look elsewhere for advice and keep away from the desk. Something is usually the best reason to do nothing, at least until the situation is clearer. I prefer to buy and sell, or advise others to buy and sell, when the tape is active and volume is good. It is then that the market is continually saying something. If it isn't about one stock, it is about another. If it isn't one group, it is another. I don't have to have peer and peer or a crowbar to find out what's going on. It is also one of the reasons I will not attempt to go into more or less active issues when I recommend participation. That which appears frequently on the tape is a stock it is too difficult to get into or go out of. It is one of the points that stocks with limited floating supply sometimes put on a show that can be too difficult to get into or go out of money. I am also aware that these same stocks can drop out of sight just as rapidly and when you can stand by and watch it drop five points between sales and get quotations and then just as quickly it is no stock for you.

Right now you are all in cash. I don't think that the qualifying position to be in. There are times when cash is preferable to stocks on a round trip basis. This isn't the time to be in cash. But neither is it the time to be in stocks. One element and the mechanics of trading permitted it, I would say that a short position in low level points, or a few points higher, should have advantages. The basic problem, however, is difficult enough without trying to guide it on a weekly basis. You will have to be for the time being no new long positions will be advisable. Bears an soon outlook will change is difficult to say. The basic trend indicated some time ago hasn't veered a part. Day to day moves will occasionally bend the underlying factors. They don't change direction. If the prices are high that a lower tax bill will put new life into business. Hopes are equally high that a new tax bill will cause a new resurgence in an anemic stock market.

These are the hopes. The facts as reflected by the market don't agree. It is no secret that a Republican Congress is after a lower tax measure, or a new law affecting labor. It is also no deep secret that government taxes in the form of expenditures and budget are better than are taxes. Still, a market which is given to anticipation rather than to reaction is not likely to do anything. Things are not going to be better. Maybe in its own way it is a warning that larger taxes and other new measures are not the answers. But whatever it is, the followers of the daily papers will have to stop and depend too much on a Congress to set the wheels of economic recovery in motion.

More next Thursday.

The views expressed in this article do not necessarily at any time coincide with those of the Chicago Board of Trade and are presented solely as the author's own.
Securities Now in Registration

**INDICATES ADDITIONS SINCE PREVIOUS ISSUE**

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**Acme Electric Corp., Cuba, N. Y.**
July 22 (letter of notification) 123,764 shares ($1 par) common stock. Underwriting—No. Offerings—None. Offer—To be offered to public at $5 a share. Proceeds—Company will receive proceeds from the sale of 80,000 shares and four selling stockholders the proceeds from the sale of 43,920 shares. Company also will receive proceeds from the sale of 80,000 warrants for common stock to underwriters at an aggregate price of $200. Of the net proceeds ($202,400) $50,000 will be used to pay current bank loans; about $20,000 will be used for equipment and related equipment, and the remainder for working capital.

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**Alexander Drug Co., Oklahoma City, Okla.**
May 22 (letter of notification) 25,000 shares ($1 par) preferred stock. Underwriting—None. Offer—To be offered to public at $10 a share. Proceeds—To retire present indebtedness, business—Finance business.

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**All-American Drums Corp., New York**
May 22 (letter of notification) 25,000 shares ($1 par) preferred stock. Underwriting—None. Offer—To be offered to public at $10 a share. Proceeds—To retire present indebtedness.

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**Allied Finance Co., Dallas, Texas**
May 26 filed 25,000 shares ($20 par) 5% cumulative convertible preferred preferred. Underwriting—None. Offer—To be offered to public at $20 a share. Proceeds—To retire present indebtedness.

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**American Broadcasting Co., Inc., N. Y.**
June 12 (letter of notification) 2,416 shares common stock. Underwriting—Dillon, Read & Co., Inc., New York. Offer—A maximum of 100,000 shares may be sold by company to underwriters or public subscription to holders of 100 shares of preferred stock at $100 a share. Offer—$6 a share. Proceeds—To be used for general working capital.

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**American Cyanamid Co., New York (6/26)**
May 11 (letter of notification) 4,000,000 shares ($100 par) cumulative preferred, Series A. Underwriting—White, Weld & Co., New York. Offerings—To be offered for subscription by common stockholders of record June 18, 1947, and each of his or her own or corporate shareholders, to holders of preferred stock. Offer—$100 a share. Proceeds—To retire outstanding $5 percentage cumulative preference stock.

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**American Gold Corp., Pony, Mont.**
May 19 (letter of notification) 25,000 shares ($1 par) common stock. Offer—$1 a share. Proceeds—To be offered to president of company. Offerings—None. Offer—To finance mining and exploration of company.

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**American Machinery Corp., Orlando, Fla.**
Mar. 31 filed 133,000 shares ($50 par) common, of which 100,000 shares to be placed through underwriters. Underwriting—Underwriters. Proceeds—To be used for general corporate purposes including reduction of bank loans and outstanding notes.

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**American Safety Devices, Inc., Reno, Nev.**

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**American Telephone & Telegraph Co. (6/3)**
May 10 (letter of notification) 7,500 shares ($100 par) common stock. Underwriting—None. Offer—To be offered at competitive bidding. Offerable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co. Proceeds—To finance the construction program and that of its subsidiaries and associated companies. Bids invited—Bids for purchase of the bonds will be received at the company's office, 165 Broadway, New York, until 11:30 a.m. (SDT) June 25. Proceeds—To be used for general corporate purposes.

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**American Water Works Co., Inc., N. Y.**
March 30, 1946 filed 2,433,145 shares of common (par $5) plus an additional dilutable only after the results of competitive bidding are known. Underwriter—To be filed by amendment. Probable bidders include: Dillon, Read & Co., and Shields & Co. (jointly), and W. C. Langley & Co. and The First Boston Corp. (jointly). Offering—Price to public by amendment.

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**American Zinc, Lead & Smelting Co., St. Louis**
Sept. 6 filed 336,550 shares common stock (par $1). Underwriter—Dillon, Read & Co., New York. Offerings—To be offered for subscription to common stockholders in the ratio of one additional share for each two shares held. Unsubscribed shares will be offered to directors and officers of the company. Price—By agreement—Working capital. Offering indefinitely postponed.

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**Anchorage Homes, Inc. (5/29)**

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**Armour & Co., Chicago**
July 12 filed 350,000 shares (par $1) cumulative first preference stock, Series A; 300,000 shares of convertible second preference common, Series A, and 1,355,340 shares common stock common stock (par $5). Underwriting—Kuhn, Loeb & Co., New York. Offer—$5 a share. Proceeds—To be offered to public at $5 a share. Proceeds—To the common stockholders in the ratio of one-third of a share for each two shares held. Unsubscribed shares will be offered to public. Underwriter—Representatives of company have been notified. Underwriter—To file by amendment. Proceeds—Net proceeds will be used to retire all outstanding exchangeable preference shares of all classes and to redeem its outstanding 7% preferred stock.

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**Associated Music Press, Inc., Chicago**
May 19 (letter of notification) 50,000 shares ($10 par) common stock. Offer—$10 a share. Proceeds—To be offered to public subscription. Underwriter—Representatives of company have been notified. Underwriter—To be filed by amendment. Proceeds—To be used for general company's refinancing plan.

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**Atlantic City (N. J.) Electric Co.**
March 19 filed 522,416 shares ($10 par) common, being offered by American Bankers Association. Underwriter—The First Boston Corp., and Davis & Co. (jointly); Dillon, Read & Co., Inc., and Threlkeld & Co., Inc., New York. Offer—$10 a share. Proceeds—To be offered by American Bankers Association to public. Underwriting—Representatives of company have been notified. Underwriter—To be filed by amendment. Proceeds—To be used for general corporate purposes.

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**Atlantic City Homes, Inc.**
March 27 filed 1,355,340 shares ($1 par) common stock. Underwriters—Halsey, Stuart & Co., New York. Proceeds—To be used for working capital. Underwriter—Representatives of company have been notified. Underwriter—To be filed by amendment. Proceeds—To be used for working capital.

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**Atlantic City Homes, Inc.**
May 3 filed 773,575 shares ($1 par) capital stock. Underwriting—None. Offering—Company said all of the shares are issued and outstanding. The purpose of the registration statement is to establish a market for the shares.

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**Arm & Hammer Co., New York**
April 24 filed 150,000 shares ($1 par) common. Underwriter—Hayden, Stone & Co., New York. Proceeds—To be used for general corporate purposes.

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**Bird Machine Co., South Walpole, Mass.**
May 15 (letter of notification) 20,000 shares (par $1) common. Underwriting—None. Offerings—None. Offer—$12 1/2 a share. Proceeds—To make subscription to common stockholders of record May 12, 1947, on the basis of one additional share for each five shares held. Unsubscribed shares will be offered publicly. Underwriting. For additional working capital.

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**Blumenthal (Sidney) & Co., New York**
Aug. 3, 1946 filed 150,000 shares ($5 par) common, subscription warrants relating to 30,000 shares thereof. Underwriting—None. Proceeds—For reimbursement of company's treasury for funds expended in reimbursement 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. Although it was proposed to offer the warrants to stockholders at $1 per share, company on Sept. 20 decided to withdraw action.

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**Boston Store Co., Chicago, Inc.**
Sept. 10 filed 30,000 shares ($50 par) 5% cumulative preferred and 500,000 shares (11 par) common. Underwriter—Paul H. Davis & Co. and Stroud & Co., Inc., New York. Offerings—Preferred will have non-detachable stock purchase warrants for purchase of 30,000 shares of common stock of the total common, 375,000 shares of which 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. Free—By amendment. Proceeds—To be used for additional working capital, and to redeem other warrants, if any. Proceeds—To be used to pay the company's 2% subordinate note in the principal amount of $5,268,750 and accrued interest. Offering date indefinite.

(Continued on page 5)
NEW ISSUE CALENDAR

(Shewing probable date of offering)

May 29, 1947


General Controls Co., Inc., Chicopee, Mass.

American Tel. & Tel., N.Y.


Nepco Chemical Co., Inc., N.Y.

June 2, 1947

Glattfelder (P. H.) Co., Inc., New York, N.Y.

Chicago Milwaukee St. Paul & Pacific RR., Chicago, Ill.

June 9, 1947


June 10, 1947

California Electric Power Co., Pref., and Consolidated Edison Co. of N.Y., Inc.

Bonds

June 16, 1947

Coast Counties Gas & Electric Co.

June 19, 1947

Wheeling & Lake Erie Ry. Equip. Trust Cfs.

June 24, 1947

New York Telephone Co.

June 26, 1947

American Cyanamid Co., Preferred

(Continued from page 49)

Bowman Guns, Philadelphia


Bryant Flying Service, Inc., Robertson, Mo.

May 31 filed 268,875 shares of common preferred stock ($10 par value). Underwriters—To be determined by amendment.


California Electric Power Co. (6/3)

May 30 filed 12,500 shares ($5 par) preferred stock. Underwriters—To be determined by competitive bidding. Probable bidders include: First Boston Corp., and Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Harriman, Ripleys & Co. (jointly), California Oregon will sell all of its 100,000 shares of the common, Standard Gas & Electric Co. (parent), will sell the remaining 399,000 shares of common. Bids—Bids for the common shares scheduled for May 29 have been postponed to June 10.

California Water & Telephone Co., San Francisco, Calif.

May 30 filed 12,500 shares ($5 par) common stock. Underwriters—None. Offers—To be offered to common stockholders of record June 2 on basis of one new share for each share held. Underwriting—To be determined by competitive bidding to finance expansion program of company and company is expected to return treasury for expeditious already made.

Canadian Breweries Ltd., Toronto, Canada

May 28 filed 12,500 shares ($5 par) common stock. Underwriters—None. Offers—To be offered to common stockholders of record June 2 on basis of one new share for each share held. Underwriting—To be determined by competitive bidding to finance expansion program of company and company is expected to return treasury for expeditious already made.

Capper Publications, Inc., Topeka, Kans.

May 28 filed 2,000,000 shares, series 6, 4% first mortgage 3-year bonds, and $2,000,000 series 7, 5% first mortgage 10-year bonds. Underwriters—None. Price—At par. Proceeds—To finance improvement program and to redeem outstanding bonds. Balance will be added to working capital. Business—Publishing business.

Carpenter Paper Co., Omaha, Neb.

May 31 filed 10,000 shares ($1par) common. Underwriters—To be determined by competitive bidding. Probable bidders include: Morgan Stanley & Co. (jointly); Blyth & Co., Inc. (jointly); Morgan Stanley & Co. (jointly); and Morgan Stanley & Co. (jointly)

Central Arizona Light & Power Co.

May 20 filed 20,000 shares ($1 par) cumulative preferred stock. Underwriters—The First Boston Corp., Blyth & Co., Inc., offering—Company will offer four shares of preferred stock for each share of $7 and $6 preferred. Unexchanged shares of new preferred will be sold at par. Price—$6.00 per share.

Central Mills, Inc., Sewage Co., O.

March 13 (date of solicitation) $200,000 of first mortgage bonds. Price—$500 per unit. No underwriting. For retirement of $200,000 of 7% bonds due 6/10. Proceeds—Will be used to redeem unexchanged bonds.

Century Co., Inc., Fort Worth, Texas.

Aug. 21 filed 8,000,000 shares ($1 par) cumulative preferred stock. Underwriters—None. Offering—Shares will be offered for sale by subscription to the public at a price determined by the rate of one share for each $71 par held. Unsubscribed shares will be disposed of at a discount. Proceeds—Working capital, etc. Offering indefinitely postponed.

Cincinnati (Ohio) Economy Drug Co.

May 14 filed 30,000 shares ($1 par) common stock. Underwriters—To be determined by competitive bidding. Price—$12.50 a share.

Cleveland (O.) Electric Illuminating Co.

Feb. 21, filed 1,847,308 shares (no par) common. Offering—All of the shares are owned by The North Ohio (Colt) Inc., a subsidiary of the company. Underwriters—To be determined by competitive bidding. Price—$10.00 a share.


March 28 filed 133,383 shares (no par) common. Underwriters—None. Offering—Shares will be offered for sale by subscription to the public at a price determined by the rate of one share for each $10 held. Price—By amendment. Proceeds—Proceeds will be used to finance expansion and development of oil properties. Company also plans to advance funds to Summit Airways, Inc., of whose stock it owns $3.

Cleveland (Ohio) Electric Illuminating Co. (6/10)

March 26 filed 60,000 shares ($1 par) common preferred and 408,000 shares ($20 par) common. Underwriters—To be determined by competitive bidding. Probable bidders include: First Boston Corp., and Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Harriman, Riplcy & Co. (jointly), California Oregon will sell all of its 133,383 shares of the common, Standard Gas & Electric Co. (parent), will sell the remaining 399,000 shares of common. Bids—Bids for the common shares scheduled for May 29 have been postponed to June 10.

The COMMERCIAL & FINANCIAL CHRONICLE, Thursday, May 29, 1947

25 (of 2986)
8/ filed $20,000,000 of first mortgage bonds, due 1977, 1978, and 1979, at 9 3/4%.

Underwriters-To be determined by competitive bidding.


Proceeds-Part of the proceeds will be used to pay mortgage bonds. The balance will be added to funds for general purposes.

Johan & Olleer Engraving Co.


Proceeds-The shares, which constitute approximately 44% of the outstanding common stock, are being sold to stockholders.

Jewel Tea Co., Inc., New York

May 18, filed 75,000 shares ($100) common preferred. Underwriters-Lebanon Brothers, and Goldman, Sachs & Co., New York.

Proceeds-By amendment. Proceeds-The shares, which constitute approximately 44% of the outstanding common stock, are being sold to stockholders.

Kentucky Utilities Co., Lexington, Ky.

May 9 filed $24,000,000 of first mortgage bonds, due 1974, 1975, and 1976, at 9 1/2%.

Underwriters-To be determined by competitive bidding.


Proceeds-Part of the proceeds will be used to pay mortgage bonds. The balance will be added to funds for general purposes.


April 28, (letter of notification) 30,000 shares of 5% cumulative preferred ($10) par. Price-$10 a share.

Underwriter-Whitney, Noble & Co., Detroit. For working capital.

La Plant-Chouteau Manufacturing Co., Inc.

April 30 filed 60,000 shares ($25) cumulative convertible preferred stock ($10 par). Price $25 a share.

Underwriter-Alexander, Price, & Co., of New York. By amendment. Proceeds-Be added to working capital and will be used in part to reduce current loans.

Lau Blower Co., Dayton, Ohio

May 19, (letter of notification) 14,000 shares (no par), Class B common.

Being sold to employees of the company.

Underwriter-Merrill Lynch, Pierce, Fenner & Beane (by joint) and Lehman Brothers & Hazard Freres (by joint).

Proceeds-The proceeds will be used to pay dividends.

Lay (W. W.) & Co., Inc., Atlanta

April 18 filed 16,000 shares ($10) cumulative convertible preferred stock ($5 par). Price-$10 a share.


Offerings.-All but 3,000 shares of the common will be sold at $6 a share. The preferred will be offered to the public at $25 a share. The 3,000 shares of common not sold publicly will be offered to company employees and directors. Proceeds used to finance construction of new plants at Atlanta and Memphis, Tenn.

Offerings-Immediately postpaid.

Lerner Steel Corp., Baltimore, Md.

May 13, filed 100,000 shares ($100) cumulative preferred. Underwriters-Merrill Lynch, Pierce, Fenner & Beane (joint) and C. G. Iselin, Inc., New York. Price by amendment. Proceeds-To retire $1,878,000 of 4% preferred at $105 a share and to repay $4,500,000 bank loan. Offering temporarily postpaid.

Libby, McNeil & Libby

April 20 filed 100,000 shares (no par) preferred stock.

Underwriter-Grace, Forgan & Co., of Baltimore. By amendment. Proceeds-Be used to purchase into open market 2,500,000 shares of common stock. Proceeds will be used to complete a plant at Sunnyside, Calif., and for other corporate purposes. Offering temporarily postpaid.
used to repay $79,200,000 of demand notes to its parent, American Telephone & Telegraph Co., and a $3,500,000 short-term note due May 8. New York, plus $25,000,000 it expects to borrow from Chase, which will be used to repay debt. Proceeds will be used to meet further construction requirements. Debentures will be received up to 11:30 a.m. (EDT) June 24 at company’s office 1000, 140 West New York.

Nopco Chemical Co., Harrison, N. J. (6/3) May 21 filed 16,000,000 shares convertible preferred ($100 par) and 277,251 shares (30c par) common stock, with Sterling, Blyth, Smolensky & Co., Inc., New York. Probable bidders: Halsey, Stuart & Co., Inc.; Blyth, Smolensky & Co., Inc.; Glass, Fogg & Co., Inc.; and Noel & Co., Ltd. Underwriter—Floyd D. Cerf, Inc., Chicago. Offering—The shares initially will be offered for $40,000 in the name of Lock &代码 A. W. Howard Co., Inc., parent, at a price of one share for each five held. Issue will not be underwritten.


Sayles (R. W.) & Son, Inc., Litchfield, Conn. May 15 (letter of notification) 1,000 shares ($10 par) 6% cumulative preferred and 100 common shares ($5 par). Underwriter—Putnam & Co., Hartford, Conn. To complete erection of a storage warehouse and garage and to make working capital advances.

Seaboard Container Corp., Philadelphia May 9 filed 75,000 shares ($20 par) 5% convertible cumulative preferred, and 52,962 shares (11c par) common. Underwriter—Herrick, Waddell & Co., Inc., New York. Price—$20 a preferred share and $1 a common share. Proceeds—To repay $3,500,000 bank loan and to finance new construction.

Sevice & Carter Truck Corp., Alliance, Minn. May 23 filed 14,000 shares of $2 par convertible preferred and 53,962 shares ($1 par) common. Underwriter—Floyd D. Cerf, Inc., Chicago. Proceeds—to be used to discharge indebtedness to Donnelly Credit Corp.

Silver Creek (N. Y.) Precision Corp. May 19 (letter of notification) 81,500 shares (40c par) common. Price—$2 a share. No underwriting. For working capital.

Solar Manufacturing Co., New York May 19 (registration) filed 110,000 shares of 75c convertible preferred stock, series B ($5 par). Proceeds—To construct natural gas pipe line connections for properties. Price—$12.50. Proceeds—Net proceeds will be applied to redemption of bank loans and to cover part of cost of construction.


Southern California Gas Co., Los Angeles May 15 filed 12,000,000 first mortgage bonds, $1,000 par, convertible preferred and 75,000 shares ($1 par) common. Underwriter—Floyd D. Cerf, Inc., New York. Proceeds will be used to finance $50,000,000 bank loan. The balance will be used to finance construction of a new plant at Bristol, Pa.

Southern Webbing Mills Inc., Greensboro, N. C. May 20 (registration) filed 20,000 shares ($3 par) common. Price—$1 a share. No underwriting. Proceeds—to be used to discharge indebtedness.

Standard Factors Corp., New York May 7 (letter of notification) 4,500 shares (no par) 75c cumulative preferred, and 16,000 shares ($500 par) debenture bonds and Class A common in exchange for their securities on the basis of one for each. Price—$500 a preferred share and $25 in cash, and two shares of Class A stock in exchange for one share of preferred. Proceeds are to be distributed to scrip holders.

Strauss Fasteners Inc., New York May 25 filed 25,000 shares of 40c par convertible cumulative common. Underwriter—Floyd D. Cerf, Inc., Chicago. Offering—The shares initially will be offered at $4000 a share to the public. Proceeds will be used to build a new building at 323 Gage & Lockard Co., Inc., parent, at a price of one share for each five held. Issue will not be underwritten.
common held. Unsubscribed shares of preferred will be offered directly at $10 a share. Proceeds.—For additional working capital.

Sussex County Distillery Co., Inc.,
Quarryville, N. J.
May 24. Filed $25,000,000 (10% cumulative preferred stock (par $1). Underwriters—C. C. Witt & Co., Inc., Philadelphia. Offered.—Company is selling 45,000 shares, and eight selling stockholders are disposing of the remaining 150,000 shares. No underwriting. For retirement of outstanding loans and for additional working capital.

Swern & Co., Trenton, N. J.
Apr. 28. Filed 250,000 shares of common stock (par $1). Underwriter—F. P. F. & Co., New York. Offered.—Company is selling 45,000 shares, and eight selling stockholders are disposing of the remaining 150,000 shares. No underwriting. For retirement of outstanding loans and for additional working capital initially. Offering date indefinite.

Texton Inc., Providence, R. I.
Feb. 28 filed 500,000 shares ($25 par) 5% convertible preferred stock, par $100. Underwriters.—To be determined by competitive bidding. Probable underwriters include The First Boston Corp.; Halsey, Stuart & Co. Inc. (bonds only); Blyth & Co., Inc.; and Smith, Barney, & Co. Price to be determined by competitive bidding. Proceeds.—Net proceeds will be for the capital stock and assets of the corporation, for conversion of the debentures. Underwriters—Curtis & Co. Inc., Boston. Price—Debentures 80%; common $25 par, 15% cum. Proceeds for construction purposes and for working capital.

Vauze Dufault Mines Ltd., Toronto, Canada
Mar. 31 filed 500,000 shares ($1 par) common. Underwriter—Name to be determined by amendment. Proceeds.—For general corporate expenses.

Victor Gold Mines Ltd., Montreal, Canada
Nov. 13 filed 400,000 shares ($1 par) capital stock. Underwriter—Paul E. Frechette. Price—$5 a share. Proceeds.—For developing mining property. Business—Accounting and developing mining properties.

The COMMERCIAL & FINANCIAL CHRONICLE

U.S. Grant Mining Co., Virginia City, Mont.
May 19 (letter of notification) 30,000 shares ($1 par) machinery, equipment and development of mining properties.

U. S. Television Manufacturing Corp., New York
Apr. 25 filed $15,000,000 (10% cumulative preferred stock (par $1). Price to public for preferred $5 per share. Employees will be permitted to purchase preferred at $5.50 per share. Of the common, 30,000 shares are reserved for the preferred. Bids will be accepted. Application to SEC for exchange offerings by amendment. Price $5 per share for preferred. Proceeds.—For working capital and expansion of business.

Upper Peninsula Power Co.
March 17 filed 10,000 shares of $100 par stock, due 1972. Underwriters.—Bids for sale of securities were invited underwritten for May 21 but sale was not made. Proceeds estimated to be $750,000. Applicants to SEC for exchange offerings by amendment. Proceeds will be in connection with the acquisition program.

Utah Chemical & Carbon Co., Salt Lake City
Dec. 20 filed $70,000,000—15-year convertible debentures due 1962, and 225,000 shares ($1 par) common. The state of Utah also desires to issue 200,000 shares of common reserved for conversion of the debentures. Underwriters—Halsey, Stuart & Co. Inc., Boston. Price—Debentures 82.5738, common $25 par, 15% cum. Proceeds for capital equipment and for working capital.

Vaux Dufault Mines Ltd., Toronto, Canada
Mar. 31 filed 500,000 shares ($1 par) common. Underwriter—Name to be determined by amendment. Proceeds.—For general operating expenses.

Weber Showcase & Fixture Co., Inc.
Mar. 27 filed 1,763 shares ($5 par) common. Underwriters—Blair & Co., New York. Offerings.—Shares will be offered for subscription to Weber’s stockholders. The unsubscribed shares will be sold publicly. Underwriters. Price by amendment.

Western Air Lines Inc., New York
Nov. 7. Bids for 3,500,000 shares ($1 par) capital stock. Underwriter—Dillon, Read & Co. Inc., New York. Offering consists of an unspecified number of shares bearing 6% cumulative preferred stock (par $1). Underwriters—William A. Coolter, President and Director. The amount being sold by the company is an unspecified amount and the total number of shares presently will be sold in a minimum of 900,000 together with a $7,500,000 bank loan, toward payment of the proceeds of this offering of company’s equipment and facilities expansion program now under way.

Western Electric Co., New York
April 16 (letter of notification) 1,500,000 shares (no par) common. Stockholders of record May 14 are given the right to subscribe for the additional shares at $50 a share in ratio of one new for each five shares held. Rights—For 30 days. Underwriting. To reduce indebtedness and to reimburse its treasury.

Wisconsin Power & Light Co., Madison, Wis.
May 16 filed 500,000 shares ($10 par) common stock, to be sold publicly through competitive bidding. Amendment. Probable underwriters include Gloris, Forgan, & Co. Ltd. (Jointly); The Wason & Creswell Co.; Dillon, Read & Co. Inc. Price—$55 a share. Proceeds will be sold through competitive bidding. Shares are to be sold by Middle West Corp., top holding company of the corporation, and at par to preferred shareholders. Underwriters.—Names of common which will be distributed to them upon the sale by the corporation.

Workers Finance Co., Newark, N. J.
May 20 (letter of notification) 1,158,000 6% 20-year debentures. Price—$110 per unit. Underwriters.—To be determined directly or in exchange for outstanding preferred and debentures. Purpose.—To eliminate outstanding preferred and debentures and to carry on business.
Why Doesn't the Stock Market Tick as It Should?

(Continued from page 3)

The Federal Reserve, for instance, is looked upon by many brokers and financiers as the OPEC of the financial industry. The Fed's control of the power to fix margins, it is argued, means that the Federal Reserve with respect to margins is what OPEC is with respect to the level of stock prices.

Many economists, who would be happy if the New York Stock Exchange itself fixed the margins. Others, employed by brokers who make their livings by vocating a margin of 40 to 60 cents, may remember earlier in the year when the 10% margin was automatically reduced to 9%.

In just like a 10% margin in its effect upon prices and the claim, rates of interest or size of margins do not necessarily make of making turns in different ways. Nevertheless, that investment is being made on the outlook for profit margins themselves has been raised when both better at margins at all, To one might think that which some brokers and investors claim for higher margins as the elimination of acute suffering from valuations it is definitely necessary, but they are not wiped out, as they say, in the net effect of the amendments, among them unnecessary restrictions upon the ability of brokers of discouraging numerous large investors from having any personal have of plenty of personal to share in as a stabilizing factor.

Rep. Adolph J. Sabath, Demo¬cratic, of New York, found quite a bit of time last week when he intimated that the "short sellers and "gam¬blers" on the New York Stock Exchange, who are national disaster. Rep. Sabath is undoubtedly wrong, of course, in his belief of the effect of the ac¬tions of short sellers and "gam¬blers," but the market trend as an information which he is probably getting off the wire, because it is the trip. The SEC made a study of the stock market of September and though it has not made public its conclusion (for promised for last February), it is generally believed in the industry that the report will reveal no "outrageous crooked dealings in the stock market as have been suspected." Rep. Sabath implied to be false in the fact, it is said, that Mr. Sabath is believed by some in New York to be on the right track.

What Rep. Sabath probably means is that the stock market is not reflecting the true situation of the environment in America. Like many others, very likely, he, too, feels that the stock market trends do not mirror actual conditions in the business world. He could be wrong, as others who feel along with him on this question could be wrong. However, it could be— and if they cannot procure such filing for the consideration of the SEC, there are many who feel that this is the test of control as used by the Act—alone to require regis¬tration of persons who cannot procure such registration would, obviously, be unfair.

Quite often the amount of stock that is being sold is not large. In such instances, registration of sales by Mr. Smith and Mr. Jones is not required regardless of the question of control. The SEC grants such exemptions from registration based on the amount of the offering when it does not exceed $50,000. Accordingly, even though no registration statement has been filed, any possibility of violation by the broker in making the sale is thereby made greater and more devastating.

It seems that many what is needed at the moment is not the extension but the curtailing of the SEC's powers and in these and many other directions.

SEC Requirements on Reporting Sales of Securities

(Continued from page 6)

The tone of the market may have been set by an "insider," an "insider" may have had a reason for this, for instance, there may be no reason at all when the report is a "false" one. But it is the "insiders" are usually people who have control of the companies and so they must be required to supply the stocks necessary to meet an increasing demand on the "insiders," they may be in a good position to know that the securities are being underestimated. Being "insiders" means that they really go into the market and make purchases of the necessary purchasable. It is the failure of the SEC to distinguish between those who are directly and indirectly leveraged and the behavior of the public and the necessary preparatory. It is the most of the long-term powers in the market that is causing so much concern among the brokers and inves¬tors generally.

The SEC now wants to extend the reporting and profit—"iners" requirement of the "24 Act not to the new preferences, that is, those with assets of $3,000 or more, nor do any other subparagraphs whose stocks are not listed on a national securities exchange. The SEC would thought of the officers, directors and the larger unregistered companies that are likely to be under scrutiny with which the officers, directors and 10 stockholders a corporation must now comply. If the SEC's powers are extended by the Congress in this field in this respect, according to many, the damage which these regulations are doing to the securi¬ties market may be made greater and more devas¬tating.

It seems that many what is needed at the moment is not the extension but the curtailing of the SEC's powers and in these and many other directions.

Security Dealer Shot to Death

Willard H. York of San Antonio, Texas, and three members of his family killed by former family physician. His firm went into bankruptcy.

On May 23, Willard H. York, a business as York & Co. in San Antonio, was killed by a firing from his family, while driving to church in New Braunfels.

Besides York, the dead are his son John, 22, and his brother, John, Jr., 29, and York's wife, Mrs. Edith York, 25.

A charge of murder against Dr. Louis D. Blau, New York City, was filed in Justice Court in connection with the death. Blau, the former York & Co. Securities Exchange of 1934, is one director, and the regis¬tered companies, that is, those companies that have their stock listed on the national exchange, to reveal their ownership of their own companies and subject it to penalties that amount to date of purchase to "repeal" by their corpora¬tions. With the part of rule pertaining to reporting does not necessarily prevent any officer, director or 10% stockholder from buying or selling the corporation, it does act to discourage them from doing so, in cases, it is more "insiders." The SEC has the power to require from all the market corporation is still in the hands of it, and perhaps it might be considered less with little likelihood of any material.

The SEC and its supporters over¬look the fact that the "insiders" may have over other clients of the corporation. The SEC feels it is informed. Thus, while an insider might also tip off his stock, it is considered safe buying or selling of others, it is considered desirable to avoid from doing so, since it is considered safe buying or selling of others, it is considered desirable to avoid any involvement of the transactions of the "insiders." This may throw a market. The reports take are about one or two months after the deed and in the mean¬time may not suffer, in some instances, an insider may have safety of the corporation, it is true. The SEC believes that it does not have control over the sales of securities. The SEC believes that the report is not filed in the case of the sale of securities.

What Constitutes Control?

Mr. Smith and Mr. Jones, the president or officer or principal shareholder con¬sidered to be in control of the corporation, are holders of a large amount of its stock or whose control is determined by a group of other persons buying and selling when others sell. Sometimes, it may not be the other investors, possibly acting on the recommendation of the "insiders," that may throw a market. The reports take are about one or two months after the deed and in the mean¬time may not suffer, in some instances, an insider may have safety of the corporation, it is true. The SEC believes that it does not have control over the sales of securities. The SEC believes that the report is not filed in the case of the sale of securities.

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B. A sale of securities may nevertheless constitute a sale if the corporation has not organized a dealer in securities for the purpose of selling the stock, the SEC con¬siders this evidence of their control of the company. Conversely,
The First Boston Group Offers $75,000,000 of New England Electric System Debentures

The First Boston Corp. heads a group of investment bankers which offers to the public the $75,000,000 of New England Electric System Debentures, an aggregate of non-interest bearing investments of $21,610,000 and $22,412,000. The proceeds from the sale of the debentures, together with proceeds from the sale of $20,000,000 of New England Electric System Debentures, will be used to pay off two issues of debentures of New England Power Co., totaling $51,000,000, and $50,000,000 of Massachusetts Utilities Assurances, and to redeem $22,000,000 of preferred stock of certain of the constituent companies.

New England Electric System is a Massachusetts Voluntary Association, which consists of the six independent companies of the New England Power Association holding companies. Under the simplification proceedings all of the company's holding company has been eliminated, and the company now owns directly all of the outstanding capital stock of the operating companies. The system is controlled by one board of directors.

The capital structure of New England Electric System consists of the debentures just issued, $100,000,000 borrowed under a loan agreement, and $1,000,000 per year until 1984.

Unlisted Traders


American Woolen Company

INCORPORATED

223 FOURTH AVE., NEW YORK N. Y.

At a meeting of the Board of Directors of the American Woolen Company, held May 21, 1947, the following resolutions were adopted:

1. A regular quarterly dividend of $1.00 per share on the $4 Par Common Stock, payable July 15, 1947.

2. A regular quarterly dividend of $1.00 per share on the $4 Par Preferred Stock, payable July 15, 1947.

3. Transfer books will close June 19, 1947.

E. L. E. BAHRE, President.

SITUATIONS WANTED

TRADER

Wishing to take over service and execute orders in over-the-counter market. American Woolen Company Financial Chronicle, 25 Park Place, New York 8, N. Y.

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Electric Power & Light Corporation

DIVIDEND NOTICE

The Board of Directors of this Company has declared a dividend of $1.00 per share on the $4 Par Preferred Stock and a dividend of $1.00 per share on the $4 Par Common Stock. Dividends will be payable July 15, 1947.

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H. P. BARRON, Treasurer.

May 21, 1947.

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May 21, 1947.
LERNER STORES CORP. 4 1/2% Cumulative Preferred

BOUGHT—SOLD—QUOTED

Kobbe & Company

INCORPORATED

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