The Commercial and Financial Chronicle

The Technical Viewpoint

"Accumulation"

By OWEN K. TAYLOR

Economist-Technical Consultant
Author of "The New Inflation," "The Coming Boom in America's Railroads."

Market analyst in surveying present position of the business world sees beginning of new dynamic upturn. Argues basic commodities will stabilize at higher than present levels. Optimistic on International Situation.

The Basic Trend of American Stock Prices is Now Upward. After a summer of quiet markets during which the most excellent accumulation has been taking place, the market is nearing the end of its current accumulation phase. As this analysis is written, the week of Sept. 15—the market has signaled the possibility of a break-up by dynamic actions. A fast advance of about 20 points to about 125 Dow Industrials at one phase of the current Bull Uptrend is now a nearby probability.

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By ANTHONY GAUBIS

Investment Counselor

Mr. Gaubis believes skepticism over prices overlooks the fact that the overall market level is up from 100-200 levels, indicating a true and lasting change. The Dow-Jones Industrial Average has sold above the 100-200 level during only five of the past 50 years. The success of this bull market, except the subnormal bull market which ran from April, 1939 to September, 1939, started when the Dow-Jones Industrial Average was (Continued on page 33).

Is the Stock Market Really Historically High?

The "Marshall Plan"—European Conception

Details may still be lacking, but there can no longer be any doubt about what the European conception of the "Marshall Plan" is. Apparently reliable reports have had it for weeks past that official representatives of the United States in Paris have "kept a close eye" on what was going on there, and from time to time have let the participants know "what was what" so far as "sentiment" in this country was concerned. All in all, it is more than doubtful if the French can now permit itself to make public all report which would not have at least the tacit blessings of the Administration in Washington. In one degree or another—and we suspect in very substantial degree—we may assume that the European interpretation of what the Secretary of State had to say in June at Harvard University is that which the Truman Administration wished to have.

The report of the Paris gathering must therefore have a closer resemblance to the usual casual inspection by the rank and file of the public of this country. If thoughtful study is given that document, it becomes clear at once that fundamental problems are involved which importance far transcends any all or any of the statistics or even the picture of destruction, prostration and human misery.

(Continued on page 36).

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(Continued on page 13)

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The Outlook for Business

By PAUL MAZUR*
Partner, Lehman Bros.

While expressing faith in our economic future, prominent investor banker holds full employment and high living standards depend on (1) fair tax laws, (2) wise labor practices and management attitudes, (3) availability of new capital, and (4) statement like leadership in government, labor and business.

In retrospect, it is difficult for me to understand why anyone in general, and myself in particular, would accept an invitation into an intellectual time “the outlook for business” is to hazard the risk of being trapped by one’s own words, and to make the effort at a time when the problem is to assure the phenomenon of one man’s mouth and good feet in his foot. Even when one, in my opinion, may be a suitable occupation for fancy but it does not seem to be a fitting exercise for adults subject to enthusiasm.

Children of other adults. It probably would be better for all of us if I emphasized the man whose speech came so late in the evening to the both be and his listeners were worn and tired. He said, “Gentlemen, my address for tonight is in 505 Lexington Ave.” and sat down. I do have the impression that I might well say, “Gentlemen, the outlook for business is not confused,” and then I, too, should sit down. That device would be a protection for you and an advantage for me. It would not be for cricket for the arrangement committee. The temptation must be on us, so it is the serious task of briefly discussing the economic outlook that we must address ourselves. The less formal, the business always lays behind the iron curtain of an unknown future. The impersonalities of the future make mathematical certainty impossible in any economic prognosis. Today the future possibilities are complicated by movements within our own nation as it undergoes the modifications flowing from the economic, social and industrial societies. And today the discussion of tomorrow is more greatly aggravated by the confrontations between the gills to its hope, after a catastrophe that has no equal in history.

Such a impressive recital of the all-time high losses, Europe in general, and the British Commonwealth in particular, is not in any way intended to be a basis for a return to the old world undergear. Let us then take stock of the economic situation.

"Where Are We Now?" and "Where Are We Likely To Be Some Time Hence?"

In the first place, it is necessary to divide the outlook for business into two aspects: "Where we are now," and "where we are likely to be some time hence." This division is really essential, because in my judgment the economic circumstances in which we now find ourselves are basically different from those which have been typical in the last two-thirds of its past.

As it is good orthodoxy economics to speak of the Law of Supply and Demand—let us examine what that piece of economic legislation has to tell us. Since 1929 two major economic events have taken place: the depression and the war. That date of 1929 has been, historically, no more than a political and economic breakdown, which is the result of a purely economic measurement of the factors of production, the 10,000,000 New "Demand Factors" of 1929.

Since 1929 the population of the United States, as of July 1,1947, 192,000,000 to 140,000,000, 000. Economic facts and their analysis of population represents a demand factor in the purchase of food, clothing and shelter for consumption and in the necessary investment in their production. In short, the size of the economy.. (Continued on page 24)

Are Banks to Be Nationalized?

By FREDERICK A. POPES*
President, Philadelphia National Bank

Philadelphia banker warns unless constructive steps are taken to combat inroads of regulation, banking may become nationalized. Citis result of policy showing substantial portion in favor of government ownership of banks, and lays blame to socialist postwar ideas.

A shining example of the usurpation of power by government is in the banking system of this country. Unless constructive steps are taken to combat the inroads of regulation, the banking fraternity may find itself completely under the domination of the Federal authorities.

This is the most pressing factor facing us today. Are Banks Nationalized?

An interesting article, published in the "Journal of Commerce" on Sept. 17, stated that the Federal Reserve Labor Party unanimously approved today the Classified recommendation to introduce legislation to nationalize private trading banks in Australia. The step was taken in the face of thousands of letters and telegrams, including petitions begging signatures in opposing the plan.

Under our form of government, when the President is in favor of a piece of legislation it is apt to be a problem, or when the members of the Congress are in favor of a change, there is a very good chance that action will be taken and in matters where we are both in favor of it and in all probability consumed. An appraisal, then, must be made of the public’s feeling toward the banking system as a whole, and toward banks in particular.

An Opinion Poll

Approximately 10 months ago, the Opinion Poll of Princeton, N. J., made just such a poll on the question of Reserve City Bankers, and, in addition, encouraged to measure public’s evaluation of various bank services. The report is quite lengthy and some of you may already have seen excerpts from it. However, I thought it was so interesting and concerned all of us and so vital to the banking profession that I thought it was worth while to seek out some of the findings.

The first question asked of those interviewed was: "Would you say that the people who use banks could get along without the banks or do you feel that banks are a necessary part of the community?" 94% of the General Public answered in the affirmative—that banks are a necessary part of the community.

As a corollary to the above banks received top rating of five chosen industries as to their importance to the country, 46% of the General Public coming out in favor of banks, as against 18% for the Telephone Company, 11%, for Insurance Companies, 9% for Department Stores, and 5% for Personal Services, the principal reason that the banks are (Continued on page 35)
The Business Outlook
By SUMNER H. SLICHER*  
Lamont University Professor at Harvard University  
Prof. Slicher, stressing present enormous demand for goods, both durable and non-durable, sees no early business recession ahead.  
Does not look for precocious export shrinkage, but forecasts a decline in agricultural prices next year. Points out elements of economic strength, such as large unsatisfied consumer needs, accompanying relatively low indebtedness and expenditure. Sees need for new business capital, but warns against speculation, drastic tax reduction, and further wage rises may lead to sharp recession.  

I.  
The most important thing about the present state of business is the enormous demand for goods—a demand which substantially exceeds capacity of industry. In 1945 and 1946, the over-all demand for goods was 10% below the prewar level. Now the demand has been growing at an annual rate of about 5% for several years, and the rate of increase has been in the range of 7 to 8%. The demand for durable goods has been growing at a rate of about 4% per year.  

II.  
One of the most extraordinary aspects of the business situation of the last year has been the conflict between the performance of industry and the expectations of the vast majority of economists, business men, government officials, and foreign observers. During the latter part of 1946 and the first half of 1947 most forecasters were predicting an early recession—either in the spring of 1947 or in the fall. The downward shift of the stock market during the winter, the abrupt fall of stock prices, and the sharp drop during the fall reflected the general expectation of an early or late recession. At a conference of business and government economists held under the auspices of the National Industrial Conference Board in the late fall of 1946, optimism was virtually unanimous that there would be an economic recovery by the spring or fall of 1947. A composite forecast of 13 economists published in December of 1946 predicted an early and rapid recovery in 1947, up to 8.7 million new jobs in 1947.  

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Dangers of the Depressed Securities Industry

By N. LEO NARD JARVIS
President, Association of Customers' Brokers

Newly elected President of Association of Customers' Brokers, in noting depressed state of securities industry while American economy is at boom proportions, says causes to international uncertainties; excessive domestic taxes; restrictive government regulation; corporations' fear of war losses, and suspicion that United States might use its strength on the one hand to maintain its present world standard and on the other to gain control of the world situation, combines to cause the depression.

There are a few words that I would like to say in regard to the particular situation. Let me start off by saying that although the American economy is in a most prosperous condition, the basis upon which is being built is not a very solid one, and the depression is not a very important one, for there is the securities industry. It is a "depressed" industry in the way that Europe is an "improved" economy. Wage rates have not kept pace with the cost of living, and the quality of the American economy and probably a majority of the European economies are not operating at a deficit. The partners undoubtedly are most unhappy in Europe, but in America they are not.

There is no sound reason for this condition. We have not yet completed the segmentation of our economy—the pulse of our capitalistic system is too much affected by the strength of individual elements in our country and in other parts of the world. I believe, however, that I say, that it is most important to recognize that the economy as a whole is not likely to be healthy and vigorous for a prolonged period if操作系统 of American industries, as represented by the equities, and the flow of capital into industry, as represented by new corporate issues, are not on a satisfactory basis. Yet, at the moment, prime equities can be bought at prices not far below the average of prevailing dividends and a prime price one-third below the average of prevailing dividends, which are in a certain number of instances can be found of substantial companies whose stocks are available on the market at from two to five times current earnings. At the very least, the depression is not severe.

"From acceptance address delivered by Mr. Jarvis before the Annual Meeting of the Association of Customers' Brokers, New York City, Sept. 25, 1947. Mr. Jarvis is associated with Hayden, Stone & Co., New York City.

The Bunefuffled Foreign Exchange Situation

By SAMUEL D. POST
Vice-President, Guaranty Trust Co. of New York

Contrasting foreign exchange conditions following World War II with those of First World War, Post points out that at an earlier period forward exchange markets were very broad and competitive and could be ruled without difficulty. At present opportunities for this type of exchange transaction are rare, since foreign exporters want dollars and many foreign currencies are overvalued and the situation is further complicated by seasonal movements in foreign exchange, such as those caused by the harvest season and on occasions even at a profit. Under this procedure when the conditions of the market were favorable, the drawer of the draft, the British bank, the discount house, or the foreign exchange broker was able to purchase the dollars at a discount from the spot rate, and the London clearing banks made forward exchanges at a net profit on the borrowed dollars.

The forward exchange market was not only a substantial market, but it was used for commercial finance. Banks, as a rule, did not draw their own bills to take advantage of a situation such as this, for it was not considered good business to be a borrower in a foreign market. Today opportunities for this type of transaction are rare, although during the recent excitement over the possibility of shipment of sterling it was possible to buy dollars at a premium, and even at a sufficient rate to cover the cost of the forward exchange in the future. The British regulations permitted the refinancing of sight sterling credit and the purchase of forward exchange in the foreign exchange market, but for the most part this was not done, as there were no new forward exchange transactions, and the banks were using their own funds.

The British regulations permitted the refinancing of sight sterling credit and the purchase of forward exchange in the foreign exchange market, but for the most part this was not done, as there were no new forward exchange transactions, and the banks were using their own funds.


**Observations**

By A. WILFRED MAY

**MISTAKING SYMPTOMS FOR THE CAUSE**

At a recent dinner party, the host, a former Yugoslav artist now residing in New York City, seriously broached to his guests the suggestion that the never-ending United Nations disagreements could be ended by the United Nations swiftly dispatching distinguished delegates who do not come to agreement within a specified period of weeks or months. While the idea is of course fantastic, its citation is significant in illustrating how easily the widespread fallacy in the public's reaction in international proceedings of overemphasizing mere procedural or technical symptoms instead of really controlling causes.

The whole veto system constitutes the foremost example of this confusion, misinterpretation of effect. The veto was not in itself a mere technicality. The President's chart was agreed on at Yalta and San Francisco, on the underlying premise of Big Power unity; the valuable argument against it at San Francisco being rebuffed with the correct argument that the veto was only machinery which would reflect the degree of Big Power unity on which the World Organization would in any event stand or fall. The most valid argument against the adoption of the veto was based on the sanctification of single-national aggression, and made even stronger by the varying situations at San Francisco. At that time it was considered preferable to accept the Russian veto, in the interest of the Alliance, that it was good enough in lieu of the alternative of an International Organization without Russia. In any event we now have a setup wherein the 29-times exercising of the veto prohibitive by the Russians has constituted a thermometer which clearly registers the degree of underlying distrust and surely does cause it. If the members nations were really united in spirit, the veto would be wholly superfluous. In the same way, amendment of the Charter is an admission that our present constitutional system is so designed as to defeat the purposes of the Charter and the Charter is really counterproductive. The only possible reason for saving that country from the Charter-national directive force was that.

**Dilemmas Over American Benevolence**

Similarly glooming over fundamentals is the East-West discussion over the institution of the Marshall Plan. Actually, as is clearly revealed by the text of the report issued from Paris as a result of the careful deliberations of the Committee on European Cooperation, the 'total' agreement is still very far from reality and the whole general discussion of conditions of the various Plan, as at least Mr. Churchill realizes) Uncle Sam's taxpayers footing the bill, to bring a long-term cure of the great economic crisis in history. An historically unprecedented effort at international economic cooperation, the program aims for a tremendous increase in output, for curtailment of war-mongering, and the actual establishment of a European customs union—all to be financed, at least in the early stages, by $18 billion of American loan guarantees.

But not so in the professed view of the Russian "block" of East- ern nations, as was so clearly expressed before the General Assembly of the United Nations. This whole state-of-the-plan is interpreted by the Polish representative to be economically unsound; a device for splitting Europe in two; and for bypassing the United Nations. The Slaves' spokesman at tremendous length charged that the Marshall Plan repudiated an "artificial"; universe would induce chaos on the Continent; would break down the sovereignty and freedom of the individual receiving countries; and—most ironically of all in view of his own country's admission—that it is inadequate. In the Russian's jaundiced eyes, our gigantic planning for the world's economic relief, even as much as a part of the establishment of a European customs union—will prove, at least in the early stages, by $18 billion of American loan guarantees.

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Postwar Bank Credit Problems

By MARIE E. ECCLES
Chairman, Board of Directors, Federal Reserve System

Though announcing our banking system is strong and healthy, Chairman Eccles says it is threatened by inflationary forces. Costs contain is suffering from undue reliance on a competitive price situation to bring about postwar readjustments. Notes dangerous inflationary effects of heavy export surpluses and severe docility on the Government expenditure because of international situation. Points out banks have been benefited by war through heavy increases in bank business, but warns they can suffer from undue expansion of credits. Advocates curbs on loans and increase in bank capitalization where shifts are made from bondholdings to risk assets.

In the chaotic world of today, groping for answers to the overwhelming problems of economic survival and ending the cycle of conflict from the present position of our banking system, the which the then vigorous inflationary forces may threaten—through the banking system.

Postwar inflation, with its severe dislocations in the structure of prices, wages and profits, is primarily due to the enormous wartime increase in money supply.

The banks of the country, including the Federal Reserve Banks, in the peak months of the war finance, brought about this increase. In the six years from the middle of 1939 to the middle of 1946 the Federal Government spent nearly $450 billion, money for which was for national defense and war purposes. Much less than half of this amount was met by tax receipts and the balance of

An address by Mr. Eccles before the National Association of Supervisors of State Banks, Washington, D. C., Sept. 25, 1947.

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Monetary Factors in High Prices

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

Attacking as "economic claptrap," statement of industrialists and merchants that nation will be saved by cutting prices, Mr. Mooney concludes that shortage of goods and plethora of money. Accuses government of unnecessary increases of business managers by creating impression high prices are due to profit-taking. Sees blame for increased prices on fiscal policy and heavy taxation and inflationary policies of the past years. Proposes a new level of paper currency and inaugurate a constructive fiscal policy and sound tax system.

Says grand total of taxes on a $1,500 car is $392.

Six months or so ago the American people were given a rather ominous dose of irresponsible public relations which is particularly unfortunate in light of the examples of playing cynical politics with such issues and problems, and in the words, either by cynical design, or naive misunder¬standings, the government once again led people to look for a ready answer, and so failed to further the light of economic events, could not possibly be re¬silient.

You will recall that one of the events of February of this year was the issuing of the newspapers by the government. The newspapers were running a kind of rash of publicity about how much our industrialists and merchants were gouging the American public by the simple expedient of cutting prices of their products or services, that a rise in prices was inevitable, that a rise in prices was inevitable, that only by cutting prices could there be an easing of pressures, that there was a run upon our nation's bank and other institutions, that this was a serious threat, that if the banks were to close down, that the country would face disaster.

Actually, of course, every man with any knowledge of the public, in his mind knew that these public statements at the time were utterly futile; that they were counter to economic trends and events; and that they could not possibly stand up against the pressure of events. That was all the more poignantly the pronouncements might be laughed at.

Taken, by themselves the incidents might have been written off as a rather thoughtless use of a kind of publicity generally left to the circus, where it is all done in good clean fun, and is not intended to mislead anyone, but simply to excite the children.

But when Government pictures these statements up, and endorsed them and approved them as really significant and meaningful in our economic awareness, then we have official authority, from a new low in political irresponsibility—this authority that the men cause for concern.

However willing we may be to excuse public figures who may want to get their names in the papers by any means, we cannot help being shocked to find government leaders preaching the pres¬tige of its public statements that can only be interpreted as

*An address by Mr. Mooney before the Commerical Bankers' As¬sociation, Atlantic City, N. J., Sept. 26, 1947.

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Causes and Remedies of Present Inflation

By PAUL H. NYSTROM
Professor of The Marketing, Toledo University

Maintaining present inflation is result of combination of causes. Dr. Nystrom points out as remedies: (1) a check on rising wages and salaries; (2) no boost in minimum wages rate; and (3) no further unneeded working hours. Recommends increased production, tariff reduction on some items, and repeal of minimum wage and hours provisions of Fair Labor Standards Act. Says 40-hour week law is an economic strait-jacket.

This country is experiencing a dangerous inflation. Its trend is upward. The end, unfortunately, is not in sight. We all hope that it may be checked. But nothing has occurred or has been done, as yet, to stop it. To meet an evil, any evil, it would seem good sense to try to find out what its causes are and, when these have been determined, to take steps to correct them.

One of the most significant statements I have seen in a long time was in a speech made by Mrs. Martha Taft on the occasion of the Western tour by her husband. Speaking of the picturing of the depression she said they were not all communists by any means, she could not do by the way, the picketers grinned at her. No communist, she said, could have grinned this way.

What is evident from this is that these poor fellows don’t accept the barbarism of their leaders and in such picturing as this they are simply carrying out a job which they are forced to do. It will take months to get rid of these so-called leaders among labor to realize this but it is clear.

In Los Angeles, last Labor Day I witnessed the largest turnout of labor, on parade in my time. I have seen it. It was a very clear demonstration of labor’s back bone. For hours and hours the men and women marched in the blazing sun of the month of September. Furthermore, every restaurant and office building made of glass was surrounded by pickets and the offices of goods being made of glass was surrounded by pickets and the offices of goods being made. This inflation and showing how successful it was.

But at the end of it, a tired border was telling me bitterly of his hard time. But in the hard work, people were working and the people were working.

Several Causes of Inflation

The present inflation, like most other past inflations, is not the result of any single cause, but rather of a combination of various causes. Some of them are quite natural and perhaps unavoidable, while others are more artificial or the results of mistakes public policy. Many of the phenomena and conditions of this kind were observed by many inventors of prices.

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Herbert H. Blizzard announces the reestablishment of his securities trading business under the firm name HERBERT H. BLIZZARD & CO.

123 SO. BROAD STREET, PHILADELPHIA 9

Specialist in Inactive and Obsolete Stocks and Bonds

EDWARD J. DART
will be associated with him on the trading desk

HERBERT H. BLIZZARD & CO.

Direct Telephone: PEnnypacker 5-4200

Philadelphia Telephone: PEnnypacker 5-692

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52 Wall St., New York 5, N.Y.

Edward J. Dart

Colonial Trust Bldg., Reading

Telephone: 2-9026

Investment Securities

H. H. VAN METER

ARTHUR G. HISCOX

SIDNEY W. TUTTLE

CHARLES GEISING

RAYMOND A. CAVANAUGH

Secretary & Asst. Treas.
Public Utility Securities

Interstate Power Company

Interstate Power Company, a subsidiary of Ogden Corporation, is seeking to reorganize and divorce itself from the latter company. A reorganization plan was devised a year or so ago, but action was delayed by difficulties with the Interstate Power bondholders. Last week bids were asked on $19,400,000 First Mortgage bonds due 1971, and 2,132,300 shares of common stock (out of a total new issue of 3,000,000 shares). The successful bid was made by a group headed by Lehman Bros., Kuhn, Loeb & Co., Goldman Sachs, and Wertheim & Co. The bid was for the bonds at par, or $4.75 per share, and for the common stock at $41. The bondholders would probably be paid at the rate of 40 cents per annum on this basis. The yield at the retail price would be approximately 4.5%.

This bid, however, was considered unsatisfactory by the trustee of the old debentures (the Chemical Bank) and several other representatives of stockholders and debenture holders. The bank has argued that its offer is a similar large issue, American Water Works, Inc., common stock. There was only one bid for the stock, at the price being sought. With an indicated dividend of 40 cents beginning some time next month for the bonds, however, the Water Works bid was a "a substantial sacrifice" according to the trustee, and the underwriters were being advised to sell the stock before they made the bid. Since John Ware of Northwestern Indiana Water Co. is a member of the Chemical Bank, and since the Water Works bond issue is being issued and the underwriters are being advised to sell the stock before they made the bid, this would be a substantial sacrifice, according to the trustee, and the underwriters were being advised to sell the stock before they made the bid.

Trading Markets in Common Stocks

Bates Manufacturing Co.
Liberty Products Corp.
Buckeye Steel Castings
Rockwell Manufacturing Co.
Crowell-Collier Publishing Co.
U. S. Potash Co.

New England Public Service

Plain Preferences
Prior Preferences
Escore Certificates

Northern New England

GILBERT J. POSTLEY & CO.
23 BROADWAY, NEW YORK, N. Y.

View of Present Stock Market

BY GLENN M. MUNN

Market analyst holds that the permanent "war-defense" status of our economy is not fully realized by the "anomaly" to be sold at 350,000 shares, or $30.50 per share, and for the common stock at $41. The bondholders would probably be paid at the rate of 40 cents per annum on this basis. The yield at the retail price would be approximately 4.5%.

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GILBERT J. POSTLEY & CO.
23 BROADWAY, NEW YORK, N. Y.
BOSTON, Mass.—Harry W. Besse, Draper, Sears & Co., has been elected a second term as President of the Boston Stock Exchange. Also-elect was the board’s perennial Treasurer, Mark R. Hodges, Schirmer, Atherton & Co., and John E. Winship was named Vice-President for the coming year.

For members of the Governing Committee, terms to expire in 1949, the following were elected: Wadell M. Brown; Frank A. Day; R. L. Day & Co.; Perry G. Crocker; Guy W. Walker, Jr.; Guy W. Walker, Jr.; Charles P. Atherton; Schirmer, Atherton & Co., and George N. Proctor, Proctor, Cook & Co.

Samuel Mixter, Mixter & Co., was elected a governor, term expiring in 1948, to fill the vacancy caused by the death of George H. Low.

ST. LOUIS, Mo.—Eben T. Brands and Joseph A. Manion have been re-elected to the board of Missouri & Marquette, 818 Olive Street, members of the St. Louis Stock Exchange.

With Ames, Emerich & Co. (Special to The Commercial Chronicle)

Two with Merfeld, Moss Co.

For the coming fiscal year, the following are listed as officers of the brokerage firm of Two with Merfeld, Moss Co., 615 Financial Center:

ST. LOUIS, MO.

AMWTT, BAKER & CO.

Wholesaler and Retailer of Investment Securities

Our Trading Department specializes in real estate bonds, railroads, and other income-producing properties, with a conservative approach to the investment market. Our staff has years of experience and knowledge in the field, allowing us to provide our clients with reliable information and guidance. Whether you are looking to diversify your investment portfolio or seeking advice on a specific investment, our team is here to help. Contact us today to discuss your options and start your journey towards financial success.

Fahnstock & Co.

Fahnstock & Co., members of the New York Stock Exchange, has been elected to a third term in the firm of John A. Dwan & Co., 1 North La Salle Street.
Pennsylvania Brevities

“OUT” Says SEC to Philadelphia Company

The Public Utilities Division of the Securities and Exchange Commission has recommended that the SEC deny a request by Philadelphia Electric Company for an amendment to the former reorganization plan approved at the stockholders' meeting to eliminate the intermediate holding company in the utility system. The SEC has acted after receiving 4,000 pages of testimony during proceedings which lasted approximately five months earlier in the year.

Company Will Fight

At its Pittsburgh headquarters, a spokesman for Philadelphia Electric Company charged that the company has been denied the opportunity to present its "death sentence" fight under the Public Utility Holding Company Act of 1935. From start to finish, the entire conduct of the Commission and the company's staff has been and is being harried by the respondents in every possible way, he said, and has prevented them from presenting their case in the most effective manner.

The company's brief further recommended that the SEC enter an order forbidding common stock control of Pennsylvania Railroad Co., a subsidiary of the Philadelphia Electric Company, and also forbidding the intermediate holding company in the Philadelphia utility system. The SEC has not acted before the District Court for Western Pennsylvania. The proceedings before the court have been placed on a definite time schedule.

There are at present three petitions before the court. They may be summarized as follows:

1. The SEC's attorneys' recommendations are based upon the study of some 4,000 pages of testimony during proceedings which lasted approximately five months earlier in the year.

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This announcement is under no circumstances to be construed as an offer of these securities for sale or as a solicitation of an offer to buy any of such securities. The Offering Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned as are registered dealers in such State.

NEW ISSUE

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<th>Date: October 1, 1947</th>
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Interest exempt, in the opinion of Bond Counsel, from Federal income taxes under existing statutes, regulations and court decisions.

Tax exempt in the Commonwealth of Massachusetts

$27,000,000

Mystic River Bridge Authority

2 3/4% Bridge Revenue Bonds

(Boston-Chelsea Bridge)

Dated September 1, 1947

The Bonds will be callable, upon 30 days' notice, in whole or in any part not earlier than March 1, 1948, or in part by lot on any interest payment date not earlier than March 1, 1951, at the principal amount thereof and accrued interest plus the following premiums:

2% if called on or before March 1, 1949, 3% thereafter if called on or before March 1, 1959, 5% thereafter if called on or before March 1, 1965, 7% thereafter if called on or before March 1, 1971, 9% thereafter if called on or before March 1, 1977, 11% thereafter if called on or before March 1, 1983 and without premium if called thereafter.

Principal and semi-annual interest, March 1 and September 1, payable at The First National Bank of Boston or the Bankers Trust Company, New York City. Coupon bonds in denominations of $1,000, registrable as to principal only or as to both principal and interest payable in coupons bonds.

The Bonds are to be issued and underwritten by a Trust Agreement between the Mystic River Bridge Authority and The First National Bank of Boston, as Trustee. In the opinion of Bond Counsel, the Bonds and the interest thereon will be valid obligations of the Mystic River Bridge Authority payable solely from the revenues of the bridge.

Price 99 1/2% to yield 2.90% to maturity

The Bonds are offered for delivery when, and if issued and delivered to and subject to approval of all legal proceedings by Mitchell and Persons, Bond Counsel for the Underwriters, and of Herrick, Smith, Donell, Farley & Ketchum, Counsel for the Authority.

The First Boston Corporation

F. S. Morse & Co., Inc.

Tripp & Co., Inc.

Smith, Barney & Co.

A. C. Allyn and Company

Harriman Ripley & Co.

Paine, Webber, Jackson & Curtis

Stone & Webster Securities Corporation

Estabrook & Co.

S. J. Van Ingen & Co. Inc.

Eastman, Dillon & Co.

Lee Higginson Corporation

Stotil, Nicolaas & Co., Inc.

White, Weld & Co.

Blair & Co., Inc.

Field, Richards & Co.

Hornblower & Weeks

Phelps, Penn & Co.

S. E. Ballins & Sons

Braun, Bosworth & Co.

C. F. Childs and Company

Collin & Burr

First of Michigan Corporation

Graham, Parsons & Co.

Harris, Hall & Company

Incorporated

Ketcham & Novnard

Lyons & Shaflo, Inc.

McDonald & Company

E. M. Newton & Company

John Nueveen & Co.

R. W. Pressprich & Co.

Schoolkopf, Hutton & Pomeroy, Inc.

Whiting, Weeks & Stuart

F. Brittain Kennedy & Co.

Townsend, Dahley and Tyson

Alex, Brown & Sons

Chace, Whiteside, Warren & Sears

Darby & Co.

R. L. Day & Co.

MacKey, Dunn & Co., Inc.

Stroud & Company

J. M. Dain & Company

Eldredge & Co., Inc.

Kenneth B. Hill & Co.

The Milwaukee Company

Perrin, West & Winslow, Inc.

F. J. Wright & Company

Ballou, Adams & Company

Barcus, Kindred & Co.

Bartow Leeds Co.

Buckley Brothers

Campbell, Phelps & Co.

Dolphin & Co.

Incorporated

Kera, Taylor & Co.

Martin, Burns & Corbett, Inc.

McDugal & Condon, Inc.

Donald MacKinnon & Co., Inc.

Miller, Kenower & Company

Mullaney, Ross & Company

F. L. Putnam & Co., Inc.

Reynolds & Co.

Roosevelt & Cross, Inc.

Schmidt, Poole & Co.

John Small & Co.

Thomas & Company

Chas. F. Wingfield & Co.

Incorporated

R. D. White & Co.

C. L. Wallingford Is With Harrison & Co.


-4-

Alfred M. Dick to Be Field Sec. for AKO

PHILADELPHIA, PA. — On October 15, Alfred M. Dick of Lewis & C. Dick Co. will leave the securities business to assume his duties as Executive Field Secretary of the American Kennel Club, with headquarters in New York. Prior to his association with Lewis & C. Dick Co., Mr. Dick, for many years, was Manager of the trading department of Hopper-Soldier & Co. During the war years, Mr. Dick was active in the local recruiting of Dogs for Defense.

-4-

Phila., Secs. Assoc. To Hear on Tax Law

PHILADELPHIA, PA. — Community Property Tax Law will be discussed at the first of the fall and winter luncheons of the Philadelphia Securities Association to be held Monday, October 6, at the University Club. The luncheon speaker and leader in the discussion will be Solomon D. Broder, member of the law firm of Duane, Berthoff & Hochberg. The luncheon will be presided over by William B. Ingersoll, of Stroud & Company, President of the association.

-4-

R. M. Wright Now With Batkin, Jacobs & Co.

R. M. Wright, formerly with F. H. Keller & Co., has become associated with Batkin, Jacobs & Co., 30 Broadway, New York City, as syndicate manager in charge of special situations.
Holding Our Banking System Firm

BY PRESTON DELANO

Commercial & Financial Chronicle

Noting that postwar inflation is full upon us, Comptroller Delano points out heavy loan increases of national banks and decline in their liquidity. Sees need for additional bank capital as protection against increase in risk assets, and warns bank supervisors to use persuasive powers to prevent undue speculative actions which could imperil the inflation spiral. Holds there is danger of concentration of economic power in banking system.

We are meeting today in the capital of the world to all those free peoples who look for guidance and for assistance in their struggle to free themselves from totalitarianism with its attendant evils. The task is to carry on a war for the wining of which we have been prepared for years. Because that sense we have been able to win the war of the free world, have we found peace? You will find that the task is not over, that the conditions of the postwar world make for the same problems and dangers we were trying to resolve to a degree, so that peace is but a part of the story. Peace is not to be had by any method or any means, but is to be won by hard work and strong leadership. 

Is it of interest that aggregate book values of the 15 banks amounted to $127,270,000 in 1936, which represents a return of 7.5% on aggregate book values as of 1946 mid-year. Highest earning rate on book value was made by Corn Exchange, 5.74% March 1946, with Investment House Trust and U. S. Trust, each with 1.04.

The following table shows the record, since 1931, of the ratio of net earnings to book value.

<table>
<thead>
<tr>
<th>Date</th>
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As of the date shown.

The records of this group of banks indicate that though there is a great deal to do, we are well on our way.

This is a great time for us, to a great extent, because it is a great time for the world. We see the promise of peace and prosperity all around us. 

However, much may be accomplished by the use of our brainpower and ingenuity to the end that peace and prosperity may be had. We can work together as a nation to make the world a better place to live in.

The bank officials of this country are well aware of the dangers of inflation. They are prepared to take the necessary steps to prevent it. They are prepared to work with us to use our powers to foster an increase in production in those areas where there is insufficient supply to satisfy demand.

We are confronted by other problems which, like the poor, are with us always. We must take into account the dangers in the field of economic power and the banking system. It is important that the government maintain an active policy of regulating the banking system and the operations which tend toward a credit monopoly.

I think the statement promulgated by the Federal Reserve Board in a recent report touched on this subject in the following words: The Federal Reserve Board is under the authority of the Congress of the United States,tasked with the specific duties of maintaining price stability and a high degree of liquidity, the trend is important and should be carefully studied. It is in the interest of all Americans to maintain the stability of our financial system and to prevent fluctuations in the value of money. 

Inflationary Danger

But there is a deeper meaning to these developments: to the present monetary and fiscal one of under capitalization. As previously stated, we are in the full swing of an unprecedented inflation and an inflation which is serious and dangerous to the economic system. There are many reasons for this: the tremendous increase in the volume of money in this country, the effects of the Bank Act on our country, both domestic and foreign, and the dollarization of the world. 

The danger of inflation is real and urgent. It is not a matter of opinion but a matter of fact. It is not a problem of the distant future but one that faces us today. 

What Bank Supervisors Can Do

There is something here that we have been as a banking community, and that is to have our policies and our supervision in the best possible light. We must do our part to foster the business of the central bank, and we must do our part to foster the business of the local banks. We must do our part to foster the business of the small banks.

The company was organized in the year 1926 and has been in operation ever since. It was established for the purpose of investing primarily in the capital of certain plant facilities and working capital.

Wm. C. Juan Co. Opens

BELLVILLE, Ill. — William C. Juan & Company have opened 300,000 bank stock units of Rare Minerals Processing & Chemical Co. The price is $1.00 per share. A stock (par $1) and a bond (par $1) are offered. (par $1) is $1.01. The securities, according to the prospectus, are offered solely as a speculation.

There is a discerning 30 cents of 5% interest on the bonds. The company was organized in 1926 and has been in operation ever since. It was established for the purpose of investing primarily in the capital of certain plant facilities and working capital.

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PRIVATE WIRE SYSTEM CONNECTION: NEW YORK, BOSTON, CHICAGO, CLEVELAND, PHILADELPHIA, LOS ANGELES, SAN FRANCISCO

Toll-Free Telephone: Hartford, Enterprise 7011

WHOLESALE MARKETS IN BANKS AND INVESTMENT SECURITIES

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The records of this group of banks indicate that though there is a great deal to do, we are well on our way.

This is a great time for us, to a great extent, because it is a great time for the world. We see the promise of peace and prosperity all around us. 

However, much may be accomplished by the use of our brainpower and ingenuity to the end that peace and prosperity may be had. We can work together as a nation to make the world a better place to live in.

The bank officials of this country are well aware of the dangers of inflation. They are prepared to take the necessary steps to prevent it. They are prepared to work with us to use our powers to foster an increase in production in those areas where there is insufficient supply to satisfy demand.

We are confronted by other problems which, like the poor, are with us always. We must take into account the dangers in the field of economic power and the banking system. It is important that the government maintain an active policy of regulating the banking system and the operations which tend toward a credit monopoly.

I think the statement promulgated by the Federal Reserve Board in a recent report touched on this subject in the following words: The Federal Reserve Board is under the authority of the Congress of the United States,tasked with the specific duties of maintaining price stability and a high degree of liquidity, the trend is important and should be carefully studied. It is in the interest of all Americans to maintain the stability of our financial system and to prevent fluctuations in the value of money. 

Inflationary Danger

But there is a deeper meaning to these developments: to the present monetary and fiscal one of under capitalization. As previously stated, we are in the full swing of an unprecedented inflation and an inflation which is serious and dangerous to the economic system. There are many reasons for this: the tremendous increase in the volume of money in this country, the effects of the Bank Act on our country, both domestic and foreign, and the dollarization of the world. 

The danger of inflation is real and urgent. It is not a matter of opinion but a matter of fact. It is not a problem of the distant future but one that faces us today. 

What Bank Supervisors Can Do

There is something here that we have been as a banking community, and that is to have our policies and our supervision in the best possible light. We must do our part to foster the business of the central bank, and we must do our part to foster the business of the local banks. We must do our part to foster the business of the small banks.
Securities Regulation in New York

BY JOHN P. POWERS

Asst. Attorney General, New York, in Charge of Securities Bureau
Second Vice-President, National Association of Securities Administrators

Mr. Powers explains system of securities regulation in New York State, and points out requirement of dealer registration; power to prevent and punish fraud; and SEC requirements, which permit prompt action in state statute supervision. Discusses value of prospectus in preventing fraud.

The variety of statutes regulating the sale of securities within the State was ably analyzed by Commissioner Huelsen of Michigan at last year’s convention in New York. As he pointed out, 12 of the 47 states having statutes concerning the sale of securities within their boundaries do not presume to pass upon securities issues before they are offered to the public, and of the remaining 35 states, 32 of them mention the presence of fraudulent issue of the security as one of the grounds for registration. However, these 35 states are generally treated as registration states since, in each of them, an application must be filed which must meet certain tests before the security may be sold to the public.

I do not presume to speak in any way on behalf of the administrators of the states for whom I am not acquainted with their problems, nor, except generally with their views as to the ideal in the way of regulatory statutes. New York, of the so-called fraud states, has problems that are peculiar to it. Of course, such views as I may express must be regarded as having arisen from the problems of administration of the State of New York. Perhaps it is not possible to use the type of statute which we administer you can more readily appreciate our problems.

Of course, we must take the statute as we find it. The Legislature in its wisdom has not seen fit to regulate the securities business within the State of New York by a registration statute, and we cannot go beyond the confines of the law as it is given to us. It might be pointed out parenthetically, that the legislative judgment in this regard might well have been influenced by the fact that New York is unquestioningly the heart of the country’s securities industry. A statute requiring registration, and qualification of issuers and dealers in securities are being sold in New York State, would place the burden of regulating the same business at all before the entire nation upon us. To vest such jurisdictional authority in any one department would unquestionably be a duplication of the work of the Securities and Exchange Commission and would require the maintenance of an enormous staff with the resultant cost of administration.

Our statute, therefore, requires no registration of issuers or issues of securities.

It is the function of the Attorney General to initiate an investigation whenever, in his judgment, any person or entity shall have employed, employed, or be about to employ an unfair, false or deceptive or fraudulent device or artifice to defraud or obtain money or property by means of false pretenses, representation or promises, or shall have

engaged in or engaged in is about to engage in any practice or transaction relating to the purchase or sale of securities which is fraudulent or in violation of law. These, generally, are the broad powers of investigation vested in the Attorney General.

He is, of course, given sweeping powers with regard to subpoenas to require the presence of witnesses at his investigation. Having ascertained that any person or persons are concerned in in any way participating in or about to participate in such fraudulent practice, he is given the authority to apply for a permanent injunction enjoining such persons from selling or offering for sale in the State any securities issued to or for whose benefit, or of course, may in such action obtain a preliminary injunction. The right to apply for the appointment of a receiver and to take possession of assets fraudulently obtained, is likewise granted.

In addition to this civil action, he is given jurisdiction to prosecute any criminal offenses violative of a statute applicable to or in respect of such fraudulent practices. Generally speaking, these are the confines of the power of enforcement vested in our office. I might here say that the language of the statute has by judicial interpretation been given an extremely liberal construction, with a view, as the courts have phrased it, “to protect innocent, confiding and credulous investors from their own foolish cupidity.”

As an instance of the liberal construction given the statute, it might be pointed out that our courts have held that proof of conviction of a crime, Federal or State, involving the sale of securities is conclusive proof of the fact that the person so convicted has engaged in a fraudulent practice within the meaning of our statute. Such person may, without further proof, be permanently enjoined from dealing in securities within the State of New York.

Registration of Dealers

While our State does not require registration of issuers, we do require those that are engaged in selling securities to the public in our State to register that fact with us pursuant to the Act. This enables us generally to be aware of all issues being sold as well as who is engaged in the sale of securities to the public. While the registration of the sale of securities to the public is not required by the statute, without the confinement of operation on the part of the Department of the Secretary of State, and the fact that the holder of the securities fraud without the knowledge of the issuer. Our concern is, therefore, with the dealing, rather than with the issuer.

Each such dealer, and this includes issuers who are selling their own securities to the public, furnishes us with sufficient information of his background to enable us to deal with the sale of an existing selling system and with the cooperation of other agencies like the Federal Reserve, to determine the character of the dealer or as to that of his employees. Investigations are instituted upon the basis of such information and upon other suspicion or information. If preliminary investigation justifies it, such investigations are very searching and pains-taking and include the questioning of the issuer’s customers and other persons having knowledge of his affairs. More often than not, frauds are nipped in this manner even before the public has been approached.

Before I come to some of the problems which are constantly present in the administration of the statute, may I say that we are extremely proud of our record under this statute. We believe that by constant vigilant examination and inquiry under the Act we are able to keep out of the business those who, by reason of their inclusion in the periodic reports of the Commission on securities transactions in our State, its wealth and the number of its inhabitants, you must realize that ours is a gigantic task. The astounding thing about it is that it is being done completely and satisfactorily with a small staff of Assistant Attorneys General, three accountants and a few stenographers and filing clerks. I might also say at this point that the interchanges of information that the administrators has been of extreme value to us. On at least one occasion during the...
Mutual Funds

By HENRY HUNT

The Cost of Research

Only big business with its multibillion dollar corporations can afford to maintain adequate research and technical staffs, since their cost runs into millions of dollars a year. Similarly in the mutual fund business, with a cost of a conserva-
tive research and management organization seemingly running well into six figures annually, a fund or group of funds must be of substantial size to carry the ex-
 pense of management. It is diffi-
cult to determine the minimum figure that would pay for prop-
erate research. As little as $5,000 a year might be a good guess. Assuming the sponsor cor-
poration receives 1% of 1% an-
nually on the net asset value of the fund and controls $10,000,000 of assets would appear to be the approximate break-even point in the industry. Management ob-
ligations are to be conscientiously fulfilled, or a cost of $1,000,000 or less is like a $100 checking fee that carries itself, with the difference being that mutual funds are not in a position to offer a service for extra charges that banks have adopted in recent years. Thus the trend on the part of a number of investment dealers to form their own mutual funds in order to retain the full selling com-
mission and the 1/4 of 1% management fee would appear to be a smart move. This trend, always in evidence toward the end of a bull market, has in the past resulted in the formation of dozens of funds that never got to the point of issue. In some cases no investment activity has ever been recorded, and the funds have been sold for a fraction of the original offering price. Feasible, as these dealers have, they have been bitten off more than they can chew and will rue the day they turned themselves into shells of established sponsors to peddle their own offerings.

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14 (1318) THE COMMERCIAL & FINANCIAL CHRONICLE Thursday, October 2, 1947

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Concerning U. S. Government Securities

Dean of U. S. Government bond dealers writes book reviewing 156 years of federal fiscal policy. Declares many mistakes made in recent years in dealing with inflation and war financing.

While the continuation of the wartime policy of the Treasury and the Governors of the Federal Reserve is managing a favorable supply of government securities, to support fixed interest rates, it now appears that the po
topic in government bondholders and savers and gives the plain fact is that, if the government's "control of credit" policy becomes un

Debtor: The Cost of Research

"Plundering the thrifty by a squeeze on the poor" is how a report by the poor in idleness formulates the political philosophy of govern-

ment. It is a winning and de
taining nationalist socialism would prolong inevitably heavy taxation. If the government would continue to tax at the rate of the

The extent of the heavy tax lea

which the country is now paying in the form of Federal taxes from 1941 through 1945 exceeded all previous years, including the more than the internal revenue for the 100 years of our national history.

But the nation's finances are not in danger of collapse. "From every crisis or temporary embarrassment, the nation's budget has been rescued with new revenues. While the Treasury has never failed to maintain a satisfactory level of revenues, his more than the internal revenue has never been greater in any previous 51 years of our national history.

Orvis Bros. & Co.

Open Newark Office

Orvis Brothers & Co., members of the New York Stock Exchange, have announced the New York Stock Exchange, have announced the opening of a branch office in Newark, N. J., with Roscoe L. Strick-

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Orvis Bros. & Co., members of the New York Stock Exchange, have announced the opening of a branch office in Newark, N. J., with Roscoe L. Strick-
Prosperity Factors Still With Us, Dr. Hardy Holds

Director of Congressional economic committee states the various bases of boom have not spent their force, and sees no new factors countermarching. Says high foreign demand reflects new kind of war economy.

In an address before the National Industrial Conference Board at New York City, Charles O. Hardy, Staff Director of the Joint Committee on the Economic Report, stated that the business outlook for the nation was still influenced by the question of war, of the forces or factors of high employment, high prices and high incomes which have spent their force, and whether new forces are in operation which will tend to offset the effects of these earlier tendencies.

As stated by Dr. Hardy, the chief forces leading to the present boom are:

1. The great expansion of purchasing power brought about by an increase in wages and income the spending of vast amounts of new money—under the assumption that the transportation of energy and income from the war countries to Europe is continued;

2. A backlog of consumer desires for durable goods, especially housing and automobiles;

3. A high level of investment activities, as far as Europe is concerned by means of overseas loans and investments in Europe; and

4. The willingness of the population to spend freely because of accumulated liquid wealth, high farm incomes, and because the fear of unemployment has subsided.

Bullish Factors Still in Force

"I do not see that any of these factors are in the least bit spent. The people do not look at it and say, 'Well, no, I see no more,' and then cast a stump till some cause for such a stump is discerned," said Dr. Hardy.

"Pessimistic forecasts were common in 1945, again last December, and again in the late Spring. These were based partly on the stock market slump which itself only another forecast of an event. There was no reason why the stump should occur," he continued.

"However, the chief basis of the pessimist is that people seem to have a curious doctrine that people don't pay money enough to pay the prices they are willing to pay.

Purchasing Power Factors

The fact is that production always creates enough purchasing power, but the job is for people to make that purchasing power effective. The apparent shortage of purchasing power is the result of our unwillingness to use purchasing power. When spending stops, incomes in top positions drop because income has already fallen.

"Food prices have risen more than other prices, chiefly because of the shortage of supplies recently because of damage to the crop country, and the distance from which some are coming, but the longer the run the outlook is bad for more or less permanently cut off from its natural source of food in

"A Regulator Looks at Regulation" by Richard B. McEntire

Composition and Securities Commission

Noting business and regulatory issues as subject to all types of regulatory processes by Federal and state statutes, Commissioner McEntire traces history of Federal regulation in U. S. and concludes "we have become prey of the regulatory bug." Contends economic forces have become so large they completely overwhelm the individual, and regulation has become essentially both in public interest and in the best interest of making private enterprise. Recommends efficient but moderate system of regulation without interference with managerial functions.

In considering what I might say to you when this opportunity was so graciously afforded me, quite naturally I first thought of discussing some one or more of the many that the technical problems which confront us. I know that you have had that...
Blue Sky Law Developments

BY JAMES F. MERKEL

Chief, Division of Securities, Ohio Dept. of State
Secretary, National Association of Securities Administrators

Mr. Merkel reviews changes in state Blue Sky laws during last year. Discusses options and stock warrants, and points out Blue Sky Administrators have no objection to options that run in favor of stockholders, but oppose excessive use of options in favor of underwriters. "Notes securities business in 1947 has been 'fairly' grading" and lays blame on lack of fair treatment to stockholders and investors by corporations.

As Secretary of your Ohio, I shall speak from the Ohio, of a licensing act, a fraud act, and a qualified act, of the many subjects that are of interest to all students of national and state law. Our field has been growing, and because of the nature and extent of our subject matter, it is irregular. This is part of a larger consideration of the law and practice of Blue Sky administration. This is the subject of our meeting on state Blue Sky laws. In summary: This is the subject of our meeting on state Blue Sky laws.

Levotative Changes

First of all, I feel that I should add the following states that have the by the state legislators during the calendar year are the following:

Eleven States added new exemptions, namely: California, Texas, Illinois, Ohio, New Hampshire, Washington, Wisconsin, Oklahoma, and New York. These in general moved from registration to notice or federal process, but I believe that the Federal process has not been widely adopted. The Wisconsin, the Michigan, the New Hampshire, the Washington, and the New York states have taken a more active part in broadening the definition of the so-called "security," "sales," "sale," etc.

Six States exempted certain securities. These were: California, Michigan, New Hampshire, North Dakota, Oklahoma, and West Virginia. These states permit the State Insurance Administrators, in consultation with the State Securities Administrators, to exempt certain securities, or securities in certain states, from registration.

Five States exempted securities that were considered to be of local interest and that should be listed among notice of certain state securities.

Arkansas added some regulatory provisions to its former Fraud Act. Connecticut has a new act, replacing its old, as of Oct. 1, 1947, but the Fraud Act, with the exception of requiring registration of sales, still continues in force.

California made a number of amendments to its act. Michigan made the leading amending act. This is a model act; it would cover them in the registration thereof.

As a result of a part of my message is a chart showing the type of legislative changes made to date. In general, it can be observed that the net changes were for more clarifying and clearcutting. The purpose is to provide for additional exempt transactions, such as sales of securities in certain states, or states of other states, or under certain conditions of tentative reservations for purchase of securities and certain securities in certain states.

"Address by Mr. Merkel at the 33rd Convention of the National Association of Securities Administrators, Jacksonville, Fla., Oct. 1, 1947."
Modified Sterling Convertibility

By PAUL KINZIG

Dr. Einzig attributes early breakdown of convertibility to the "dollar greedy" nations, and describes new system of limited convertibility as a "theoretical absurdity," inasmuch as sterling could not be converted into gold but might be into dollars.

LONDON, ENGLAND—Recent statement made by Dr. Snyder and Mr. Dalton at their recent conference on sterling convertibility is still a matter of controversy. During the London meeting of the conference, the new system of convertibility was discussed, and it appears that the new system will be accepted. The new system of convertibility is based on a principle of "theoretical absurdity," inasmuch as sterling could not be converted into gold but might be into dollars.

The Heritage of America

By JOSEPH STAGG LAWRENCE

Vice-President, Empire Trust Company, New York

New York economist stresses danger of spread of communism and the efforts of Russia to use this ideological instrument to expand area of its authority. Says business and government should be more active in exposing Russian system and urge our own countrymen to sever all political and personal ties with the communists.

The subject assigned to me today is one not ordinarily found in a bank of America. It has in the past been reserved for eloquent exposition on the Fourth of July, Armistice Day and other occasions calling for an exhibition of patriotic fervor. Businessmen, however, have also been aware of the importance of this subject, for it was 166 years ago that the United States was founded, and the same patriotic fervor that characterized those early days still exists today.

Of the above mentioned shares of Capital Stock, 173,533 shares were subscribed for by stockholders of the Company pursuant to its Subscription Offer which expired September 29, 1947. The remaining 6,467 shares were purchased by the several underwriters and have been sold to a limited number of purchasers.

The First Boston Corporation
Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Treasury obligations continue to give ground on light volume as the authorities again lowered bids on certificates in a further firming of short-term rates. Accordingly, the floating supply of near-term issues has increased slightly with a somewhat easier tone being evident in the quotations of 1431/4's, notes and short bonds. The longer obligations also trekked downward on reduced activity as the market started to look ahead to what might happen with tightening short-term rates.

PORTFOLIO CHANGES

There is considerable switching and rearrangement of holdings going on with the restricted issues appearing more in the limelight now on that score. A large-scale shift from the 5¼ due 1957/58 in the Victory 2¼ has had a depressing influence upon the 2¼ which are not far from their lows of the year. Some selling of eligibles is reported with the proceeds going into the non-marketable 2¼.

Bank issues, like the intermediate-term matures, have a good steady demand, but there is no desire to pay up for them. Although the government market is a bit on the confused side, investors are looking for a spot to take on securities, which may not be far off.

SPECULATION

The money markets are again playing the old guessing game, trying to figure out what will take place in government securities with a firming of short-term rates and low coupon redounding on the monetary authorities. The up-trend in near-term rates is due to increasing supply and an increase in funds for loans. Although the rise will be gradual it will have its greatest effect by the middle of next year, when it is believed that the certificate rate may reach 11/4%.

In the event the market will be adjusting its position to the new level of rates, the effectiveness of which will depend on no small measure upon other actions of the money markets.

DEBT POLICY

The refunding of high-coupon maturing obligations with short-term low-rate issues will have different results from a medium-to-long rate security with a rate that is needed by holders of the due and callable securities. Higher short-term rates that will be allowed to fluctuate will make the creation of reserve balances more risky, but this in itself will not solve the problem of inflationary trends in loans or the monetization of the debt through purchase of long-term Treasury obligations.

The use of government surpluses as well as funds from occasional issues to non-bank investors to pay off bonds as they become due or callable will cut down reserve balances as well as costs of member banks.

This program would not be as deflationary as the retirement of Treasury bills since the elimination of this type of security cuts deeply into reserves of the commercial banks. There is, however, a greater saving in interest cost in the extinguishment of the higher-coupon obligations.

EARNINGS ESSENTIAL

The most pronounced effect of the maturing obligation, debt retirement program would probably be on earnings. The retirement program would bring an end to the temporary surpluses and would eliminate the annual expectations of the profits upon the types of securities that these institutions can purchase. Earnings must be maintained by the commercial banks and this cannot be done by exchanging high-return securities for low-coupon obligations or by having the larger income issues paid off. Increased loans will make up some of the loss of earnings.

This, however, will not solve the whole problem, which must be done by taking it on the highest long-term loans. Thus the monetization of debt goes on in the more distant issues.

EXTENDING MATURITIES

The effect of extending maturities means that the deposit banks are forced into the longest-term governments because the intervening years will put more of the intermediate-term securities into the short-term areas, and there is an increased supply of short-term securities augmented through the refunding operations of the monetary authorities. There is, however, quite a bit of choice on the part of the commercial banks. There is very little choice for the commercial banks but to go into the longest-term securities. HIGHER YIELDS

The spread between yields of short- and long-term bank eligible obligations, based on the present levels, is likely to taper, because of the larger supply of long-coupon government obligations. This will result in higher yields for these securities, but probably not great enough to attract buying from the longs, which should hold present declines or yield somewhat.

Says Monetary Policy Has Failed To Keep Prices Down

Dean John T. Madden, of New York University, says prices advance to be kept in check by: (1) higher short-term rate; (2) more vigorous fiscal policy; (3) pent-up consumer demand; (4) foreign needs for American goods; (5) vast accumulation of liquid funds; (6) fear of monetary inflation; and (7) too hasty abolition of war controls.

BULLETIN of the National Industrial Conference Board, "Credit Policies of the United States," Dean John T. Madden, of New York University...

CONCERNING U. S. GOVERNMENT SECURITIES

*a just published! A work unique in its field. Undertaken at the suggestion of the Finance Committee of the United States Chamber of Commerce, it presents a concise, chronological outline of United States Government financing from the foundation of our Government to the end of World War II. Drawing mainly on official sources, it deals with all the major facts, events, and influences affecting our national obligations. It includes official reports, statistics, and a study of the causes of the crisis. It covers the whole range of Treasury policies, and details of all major loans (1905-1945). Price $5.00 the copy. 600 pp.

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145 W. JACKSON BLVD. • CHICAGO 4, ILLINOIS

Thursday, October 2, 1947

Mystic River Bridge Authority Issue of $27,000,000 Marketed

An issue of $27,000,000 2½% convertible debentures of the Mystic River Bridge Authority (Boston-Chelsea Bridge) was offered Oct. 1 by an underwriting group headed jointly by the First Boston Corporation, F. S. Mosely & Co. and Tripp & Co., Inc. The proceeds of the sale were to be used for the construction of the bridge between the Charlestown district of Boston and Chelsea, Mass., to replace the present Chelsea low level draw bridge. The bonds were to be sold on the new method of selling the needs of present-day traffic.

The new bridge, on which an earlier proposal was made, will be in whole on any date not earlier than March 1, 1948, or in part by May 1, 1948. The bonds are to be offered at a price of 98.375, to bear interest at 3½% until March 1, 1949 when if called on or before March 1, 1949 or if called after March 1, 1949, at 101.75

Annual gross revenue of the bridge is expected to be about $862,000 in 1950, rising upward to $2,862,000 in 1960. It is estimated, it will provide a debt service charge of 6½% in 1950 and 6% in 1955, 7% in 1957, 6½% in 1960 (6¼% in 1962), and 5⅞% in 1965. The first year of full debt service charges, July 1, 1950, is estimated.

Mystic River Bridge Authority, one of the two authorities set up to carry out the transportation program of the Commonwealth of Massachusetts, was created by the legislature of the State of Massachusetts by Laws of 1935, and is the successor to the new Chelsea Bridge District, to issue bridge revenue bonds to cover the cost of replacing the present Chelsea low level draw bridge.

Herrick, Waddell Offers United Utilities Pfd.

Herrick, Waddell & Co., Inc., on Sept. 30 offered 75,000 shares of 6½% convertible preferred stock, par value $10, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware, 6½% convertible preferred stock, par value $100, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware, 6½% convertible preferred stock, par value $100, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware, 6½% convertible preferred stock, par value $100, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware, 6½% convertible preferred stock, par value $100, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware, 6½% convertible preferred stock, par value $100, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware, 6½% convertible preferred stock, par value $100, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware, 6½% convertible preferred stock, par value $100, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware, 6½% convertible preferred stock, par value $100, of United Utilities & Specialty Corp., the holding company of a group of retailers of household appliances and hardware.
A Revised Foreign Policy

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

Republican Party leaders, accusing Administration of abandoning principles of Atlantic Charter and appeasing Russia, urges foreign policy be built around United Nations, and proposes a program to act, if necessary without Russian participation, to maintain in peace as long as our freedom is not threatened.

Hopes for Russian agreement, and urges both helping Germany develop self-supporting economy and making peace with Japan. Says Marshall Plan based on "World WA" will fail, and opposes policy of "American imperialism." Says we should combat communism at home as well as abroad.

In the domestic field, the people elected a Congress for the purpose of eliminating wartime controls, reducing government regimentation, expense and taxation, and eliminating injustices which had developed in labor relations. I have shown that the Republican party has kept its promises and done its job. In the field of foreign policy, Republicans have not had the same responsibility, because the Democrats still control the presidency. The people do not realize to what a large extent the field of foreign policy is controlled by the President, and how little Congress can do about it. Under the Constitution, the President is given the power to initiate all negotiations with foreign nations and carry them on in every field up to the point where a treaty is entered into. He has the only executive power to negotiate agreements with foreign nations without the approval of Congress.

and more and more this power has been developed, often, I think, in derogation of the right of Congress to insist upon treaty ratification.

The President's power was also tremendously enlarged by the state of war and by war legislation. Much of the war legislation has been repealed, but the state of war exists until the peace is signed or declared.

In the field of the United Nations, we have delegated complete power to the President to direct the actions of our representatives in the Security Council and the Assembly, so that the President may make war and peace without a declaration of war by Congress. In the Reciprocal Trade Agreements Act, we have temporarily delegated to the President the power to reduce tariffs by 75% from the statutory rates without the approval of Congress.

The truth is that unless the President needs money to carry out the agreements and arrangements he may make with foreign nations, he practically does not have to ask Congress for approval of all important items of foreign policy. Just at the present time, however, it is true that much of our dealings with foreign nations seem to require cash from the United States Treasury, and so we have had to pass the Marshall Plan, the appropriations for relief, and the Greek and Turkish loans; and the Marshall Plan, if developed, must be submitted to Congress. Even in this field, however, it is difficult for Congress to repudiate agreements made by the President without at least bringing charges of bad faith on the part of this nation.

In general, I believe Congress should hesitate to interfere with the President's foreign policy, unless it involves us in the danger of an unnecessary war, or proposes to drain to an unreasonable degree the resources of our taxpayers and the product of our labor. I believe it is a field where Congress should not, except with great provocation, give foreign countries a picture of a divided America.

Republicans Tried to Cooperate

The Republican Congress has done its best to cooperate with the President. Much has been made of the so-called bipartisan

(Continued on page 29)

$40,000,000 New England Telephone and Telegraph Company
Thirty-Five Year 3% Debentures

Dated October 1, 1947
Due October 1, 1982

Price 101 5/8% and accrued interest

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23 Broad Street New York, N. Y.
Pepin Building Green 8-4466

Guaranteed Stocks
Bonds

B. W. Pepin & Co.

Guaranteed Railroad Stock Bonds

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The Commercial & Financial Chronicle

Volume 166 Number 4634

Railroad Securities

The railroad market has continued in the doldrums, awaiting a decision on theoose commission in the rate case. It had been generally expected that the Commission would take cognizance of the serious plight of some of the major eastern carriers in particular and that the prospective increase in the emergency rate would be raised to $1. With the higher wages for effective the non-operating unions, and the threat of a strike after September 1 and the operating brotherhoods demanding that any increase be greater than the new agreement in the November-November, November increase was considered essential to maintain earnings during the last half of 1947.

Pending a decision on the rate increase, the market has been very much dominated by earnings estimates filed by the individual railways with the Commission in support of their petitions. These estimates generally make pretty sure reading. Actually it is obvious that few, if any, of the major carriers could possibly report as poor earnings in the last four months as would be necessary to bring the full year's results down to the levels of the sec-ond quarter estimates filed. What is not generally recognized is that these figures filed this summer were not filed with the Commission in support of increased earnings under present conditions if they spent on the properties what is necessary to maintain a desirable, not essential, condition.

For all but a minority of the Class I carriers October is seasonally the best earnings month of the year. The months of the last quarter, with the usual income of $30,000,000 to $40,000,000 for the eight months through August. This was almost $2,000,000 higher than for the 1946 interval. For the full year 1947 railroads filed with the Commission show prospective earnings of $4,967,640 for the eight months through August. This was almost $2,000,000 higher than for the 1946 interval. For the full year 1947 railroads filed with the Commission show prospective earnings of $4,963,600 without any rate increase. This would be less than was earned in 1946 and would indicate a net of a little more than $600,000 for the last four months of the year. Even the wage increase it seems virtually certain that the company will earn more than that in September alone. Similarly, Illinois Central has filed with the ICC estimated earnings of $1,967,000 for the full year 1947. This would involve a net increase of $750,000, which is part of the depression the road now suffers from such losses during the closing months of any year. In connection with these figures it is interesting to note that the usual increase (for example, in the 1941 average) gives New York Central only 42% of its net operating income and the Illinois Central only 45% during the same past year and Illinois central better than 45% during the same period.

In the railroad field, the people elected a Congress for the purpose of eliminating wartime controls, reducing government regimentation, expense and taxation, and eliminating injustices which had developed in labor relations. I have shown that the Republican party has kept its promises and done its job. In the field of foreign policy, Republicans have not had the same responsibility, because the Democrats still control the presidency. The people do not realize to what a large extent the field of foreign policy is controlled by the President, and how little Congress can do about it. Under the Constitution, the President is given the power to initiate all negotiations with foreign nations and carry them on in every field up to the point where a treaty is entered into. He has the only executive power to negotiate agreements with foreign nations without the approval of Congress. If an address by Senator Taft before the World Affairs Council of Maine, Tacoma, Wash., Sep. 23, 1947.

Byron Switzer in Boston

(Rewriter in The Commercial Financial Chronicle)

Byron Switzer, a securities writer in Boston, is conducting a securities business from offices at 53 State street.
C. F. W. Hillyer has been appointed to the position of sales manager of the Bank of Montreal's New York City office.

The appointment of Mr. Hillyer was made by the Bank's executive committee and follows the retirement of Mr. J. B. Brown, who has been with the bank for many years.

Mr. Hillyer has had extensive experience in the banking industry, having served in various capacities at the Bank of Montreal's main office in Canada and at its branches in the United States.

He replaces Mr. Brown, who is retiring after a long and distinguished career in banking.

Canadian Securities

By WILLIAM J. McKEE

The present Canadian crisis is likely to prove a blessing in disguise for the Dominion. Judging from recent reports, there is little reason to believe that the Dominion's pressing trade and exchange problems will be solved by any immediate action. However, the importance of the problem is appreciated, and it is realized that Canada has reached the end of one era of economic history and is at the threshold of a new era that is likely to be marked by drastic changes in Canada's economic policies.

Whether the Dominion will be able to regain its former position or whether it will have to make a radical change in its economic policies is uncertain. However, it is clear that Canada's present situation is a serious one and that drastic action will be necessary if the country is to recover from its present difficulties.

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The Heritage of America

(Continued from page 17)

point of view, seemed to be an economic inequality as twin vices of a decadent society.

With the threat from the East, an intelligent American can re-
gard this threat with indifference. It is evident that the hour is already too late. Vest sec-
tions of the world are not going to abandon the golden years of the Roman and Chinese empires. The transition to the gold brick appeal of Con-
vention One is too tempting for them. The power in the West, the pressures of war, make it impossible to appraise roughly the long-range implications. This is real slavery, where the 
maintain the denatured condition of the body for their own per-
sonal, commercial competition without compen-
sation, constantly under guard, moving about without their con-
sent and denied the elementary decrees to which human dignity is entitled.

Let's review the foregoing in

discipline. We have presented a picture of Russia as an absolute, 
autocratic state without the precious personal freedoms which Americans cherish. We have re-
vealed a land in which the dark 
institution of slavery in its worst form has been revised. We see

a country of low and deteriorating living standards, the result of in-
complete policies; we see, finally, we see a sinister power off-
ering itself to the world; we see a picture that is negative and de-
structive because it applies to an aggressive, disturbing member in

the front rank of the world. It is necessary to draw such a picture be-
cause it represents a true picture and because it will help to dis-
guise a society which pretends to represent itself.

Beyond this it should be pos-
sible to show in our means and colleges to retrace and describe in modern Russian history, to present the
current methods that our

government, the men who for-
mulated our Constitution lived in a world where governments made the same claim to all power; it is possible to do today, with results that were not greatly different. In Russia, as in the rest

of the 18th century society, they were greatly aided by political philosophies, such as Hobbes, Locke, Rousseau, Montesquieu, and economic thinkers like Adam Smith.

As a result, the founders es-
tablished certain conditions under

which political power was deli-
gated to the state. They started out with the premise that govern-
ment should have no more power than is absolutely necessary to accomplish its purpose. Power was divided geographic ally, with a portion allocated to the central
government, another portion to the states, and the final sovereignty left in the hands of the people.

It was further divided function-
ally between an executive, a legis-
lative, and a court. Finally, it was placed upon this power so that it would be impos-
sible for one man or one clique to retain it indefinitely.

Strongly implicated in the Con-
stitution was the principle that the way in which men make a living, their right to assume risks as they see fit, their claim to the rewards of risk and energy, were to re-
main outside the legitimate prov-
ince of political power. As we know, this principle has not been

abandoned. The tax, the income tax, the corporate taxation, government trading in commodities, river valley projects and yar-dsticks, are moving toward an

equivalent degree to the state. From this basic premise the founders

as private citizens, what can we do to help preserve the American

heritage?

(1) Encourage our officials to use all the appropriate agencies of the government to direct a con-
tinuing play of powerful light upon our adversary. Similar en-
forcement of our monopoly laws and exclusion of private

individuals and individuals.

(2) Insist that we reciprocate in every respect the tactics which our adversary is pursuing in their dealings with us. Our own Tom

Boultbee shall serve on a U. S. Cham-

bers of Commerce Committee which has already issued an able

report on this subject.

(3) Examine carefully the per-
course and teaching programs of our public and private schools.

(4) Maintain a powerful mil-

itary force able to respond to 

(5) With blunt diplomacy rest-

ing on such power, to counteract at every point attempted Soviet aggression.

McPhail Candy Corporation

100,000 Shares

5% Cumulative Convertible Preferred Stock (1 Par Value)

Price $10 Per Share

200,000 Shares

Common Stock

(1 Par Value)

Price $10 Per Share

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these shares in compliance with the law of the respective states.

September 30, 1947

Braithwaite & Co.

Shillinglaw, Bolger & Co.

Straus & Blesser

The announcement appears as a matter of record only and is not to be construed as an offering of these securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.
Causes and Remedies of Present Inflation

(Continued from page 7)

options offered have been those of selling off additional equipment, or raw materials, or labor, rather than increasing production, and of replacing the goods needed. These difficulties, in general, in the form of widespread strikes, plant shut-downs, and the like, have beset most of the great industry, in manpower productiv¬ity, and by sharp general in¬flationary pressures, has lowered production. In the view of these con¬ditions, the present situation is not only other than increasing prices and inflations.

As a result of the history of this country, we have had other kinds of inflationary pressures as well—directly and indirectly. Among these, we have had inflations caused by a direct increase in available paper money, or by the arti¬ficial stimulation of credit. In the present inflation we have, of course, but it is still regulated. We don't have any excessive stimulation of credit, particularly at the moment when credit is such, and that is the opinion of the gravest importance.

In your search for the causes of the inflation, I would like to do about them, may I urge that we think of the role of credit, and of what legislation, already on the books and the public policies now in effect, may be doing to make the present inflation worse or better? Is it for the revision or even the repeal of some of the laws al¬ready in effect, or is it the addition of new laws which, in my opinion, de¬Press the recovery of the Fair Labor Standards Act of 1938.

Rising Wage Rates

Ever since 1938 wage rates in industry have been going up. They have gone up because there have been increases in prices. With prices have gone up without increasing in, or at least without any relation to, any increase in productive capacity. Increases in wages, in general, have gone at least twice as great as the increases in productivity. What we should expect in the way of their effect on the standards, when they go up twice as fast as productivity, is that they will go into the only place where they could go and, thereby, would increase the costs of production. As a consequence, prices have gone up even more than the rate of nine shares for each one share held.

Proceeds from the sale of the 180,000 shares will be used to increase the stock of the company so as to improve the ability of the company to raise capital funds and the greatly increased volume of premiums being written. It is expected that a considerable part of the proceeds will be invested in securities which are qualified as legal investments for the com¬pany.

The company is primarily en¬gaged in the business of writing fire, marine and allied classes of insurance. Of the total net pre¬miums written during the calendar year the company reported $2,330,000, or approximately 67% was fire insurance.

Over-the-Counter Quotation Services For 34 Years

NATIONAL QUOTATION BUREAU, Inc.
Established 1913
46 Front Street, New York 4, N. Y.
Chicago San Francisco

First Boston Reports
National Union Fire Stock 96% Subscribed

Stockholders of National Union Fire Insurance Company of Pitts¬burgh, who held more than 96% of the 180,000 shares of additional capital stock at $5 par value, it was announced on September 28, at the ex¬plosion of the subscription procedure. The remaining 4,697 shares were offered by the First Boston Corporation, who underwrote the subscription, and were sold to a limited number of purchasers.

At a stockholders' meeting on Aug. 27, the then existing shares of $30 par value, the company was split four-for-one, resulting in 222,000 shares of $5 par value, with an annual dividend rate of $1.25 per share. Holders of the new stock were offered the right to subscribe, at $25 per share, for the additional 180,000 shares.

22 (1326) THE COMMERCIAL & FINANCIAL CHRONICLE Thursday, October 2, 1947

2161

The rise in wages has been in¬creased, and while there have been in¬creases in the wages of many workers, in many factories in the country, the increase has been in¬creased, in the wages of many workers, in many factories in the country, the increase has been in the wages of many workers, in many factories in the country, the increase has been in the wages of many workers, in many factories in the country, the increase has been in


1947 AMENDMENTS TO BLUE SKY LAWS
(To October 1, 1947)

The following indicates the extent to which various States amended their Blue Sky Laws during 1947. It shows the subject matter of the amended laws revised by the States in question:

Definitions: Arkansas (new act); California: Connecticut (new act); Florida; Illinois; Indiana; Michigan; New Hampshire; Washington and Wisconsin.

Exempt Transactions: California; Florida; Illinois; Indiana; Iowa; Michigan; Oregon; Washington and West Virginia.

Stock Exchange Listing Exemptions: Indiana; Michigan; North Dakota; Oklahoma and West Virginia.

Exempt Insurance and Utilities Securities: California; Michigan; New Hampshire; North Dakota; Oklahoma and West Virginia.

Other Exempt Securities: California; Iowa and Michigan.

Registration Requirements: Florida; Illinois; Michigan; Vermont.

Changes in Filing Fees: Illinois; Michigan; Missouri; North Dakota; Texas and Washington.


Service of Process: Michigan; Texas and West Virginia.

All Others: California; Illinois; Michigan; Missouri; Montana; Nebraska; Oklahoma; Texas; Washington and Wisconsin.

We, in any event, believe that the salutary effect of our supervision is not confined within the borders of our State. Residents of other states benefit by the application of the regulations to the regulatory states. We see daily the need for protection. We are convinced that making examples of those who have committed fraud is insufficient. We see con
tinuous abuses that are attempted against share
depository rights. We see attempts to mark-up assets, to capitalize in
anxiety that our corporation is a minor and excessive
terms of the time at the registration.

The securities business so far in
vesting has not been gratifying. In
to the market and to
new issues. In such
to be. Wherein does the
 uncompromising Blue Sky regulation? Shog
Federal control be lightened? Why is it that public
are not receiving better protection? Is it
people; or, if only some
quality in its investments. Many
time earn
99.5% of all
many listed and other
mounter markets. This is prove
duly that new offerings must have value to compete. Therefore, in many cases, I believe the facts
with the corporations. They are not always interested in giving
to have the special advantages. They want capital but they are unwilling to give the
are those exceptions. Many companies maintain excl
profitable public relations with everyone except their stockholders. Unions in behalf of labor have grown in size and power. No one represents the shareholders. Must we have unions for share
holders? In this growing industrial union, the respect of not big but the little capitalist must be
able, and people holding small stakes in big busi
profit is. A little more corporate
ing is in order. A little more
to and would we carry the financing should be the order of the day.
Here are Blue Sky Administrators, 
investment bankers, lawyers and accountants and rep
ations. Our profession does not depend on large
our thinking and acting need be. We are in
we are. For the better flow of capital—
we have seen the
as the
than 7% and cer
of shares outstanding after financing.

Because, we have seen an inc
crop up to 10 years. With
the Poppy Flough that can occur in a decade, it is obvious that these people are
on those the inside at the ex
of other
this is. In any event our
the warrant
and, consequently, the vast majority of the
vestment
and underwriters do not
which have such objectionable contracts.

Blue Sky Law Developments
(Continued from page 15)

Blue Sky administrators have now come into being in favor of stockholders. Nor do we want to stand
ce, to options running in favor of others, where modest application is made.

Blue Sky Law Developments
(Continued from page 15)

The

5. Declaration of trust.
and the certificates

4. Stockholders’ rights.

3. Rights of pre-emptors.

2. Scope.

1. Incorporation.

We, in any event, believe that the salutary effect of our supervision is not

Blue Sky Law Developments
(Continued from page 15)

prices and extend the

1. Incorporation.

We, in any event, believe that the salutary effect of our supervision is not

Blue Sky Law Developments
(Continued from page 15)
The Outlook for Business

(Continued from page 2) has increased greatly since 1929. That increase has been accompanied since 1932 by an almost uninterrupted improvement in the earnings of the mass of American wage earners. Indeed, they have been particularly striking in non-durable goods such as food and clothing.

The result of the dual phenomenon of the rise of living standards has been an increase in the demand for new and second-hand automobiles, appliances, and even more furnishing than farmers. Thus, the demand for durable goods such as furniture and other items was offset in the form of consumer goods. This increased purchasing power corresponded to a rise in real income. The real rate of interest is a reflection of the disposable income.

With the end of the war, employment did not fall back to its pre-war level, and the industrial production of consumer goods began to rise again. The American consumer is at the heart of our national economy, and his spending habits are crucial to the health of the economy. For example, the consumer's spending on goods and services is a major component of the gross domestic product (GDP).

Thus, the American consumer is a key player in the economy, and his spending habits are crucial to the health of the economy. For example, the consumer's spending on goods and services is a major component of the gross domestic product (GDP). This makes the consumer's spending habits a critical indicator of the health of the economy. If consumer spending is robust, then the economy is likely to be healthy. However, if consumer spending is weak, then the economy is likely to be struggling.

The Outlook for Business

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The Technical Viewpoint

(Continued from first page)

The market has quickly discounted changes in public psychology. I believe this trend will continue. Therefore when present indifference towards the Dow Theory is based on the assumption that an equilibrium point will not be reached before a wide rally has occurred... and that stocks are supplied by conditions in the international and domestic economy, the demand for equities will find a tight situation. A market rally is thus possible for stocks will quite likely enter the uptrend stage before that stage is reached in the Dow Theory. ...the Dow Theory are awaiting that climax, Wise. I am convinced that we are in a bull market, and I predict that they will soon have the confirmation they are waiting for.

Typical Environment for Dynamic Bull Action

In the past we have always read of conditions similar to those new exist have existed. If that most widely distributed advisory letters are bearish and expect lower prices, the market has been through a period when it has ignored the Dow Theory. In some instances the Dow Theory's students are either bearish—in which case all Dow Theory is admitted uncertainly, and the orthodox price earnings approach is completely ignored by most investors.

Technical vs. Fundamental

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Basic Commodities - It is now being argued that advancing commodity prices may be leading to a collapse of stock prices. Only recently through the end of a cycle when production is rising. The Dow Theory's students are now asking whether the commodity prices stoked by speculative excesses. Such is not the case. Even if we do not believe commodities will find a new equilibrium among the competing factors. This is the case as far as the Dow Jones Industrial Average is concerned. Text continued...
"A Regulator Looks at Regulation"

(Continued from page 15)

you are probably aware, regulation as we know it today is the latest and most serious culmination in a long line of judicial and legislative attempts to cope with the problems of the railroads. The advent of the railroad in the early part of the last century brought about a demand for railroad expansion. At first the attitude of the States and the community was that of encouragement: anything that would accu-...
Monetary Factors in High Prices

(Continued from page 6)

publicity, and that we do not know that the prices for goods and commodities — except for the paper money that does not bear the imputation of, or the economic cost of goods and services.

There is no substitute for economic truth — no utopian short cut to genuine paper, the cheaper dollar, as bankers very well know, results primarily from the economics of the liberal debt; and secondarily from the process of an effective and regulated governmental control, and it does this by making the public believe in economic truth and confidence in money. What we need is a better system of people buying through their selling and buying that they have a dollar that is worth more than the cost of the dollar.

Let government regulate and thereby take a genuine step to make its direction of making lower prices possible.

Once and for all the government should clear the atmosphere; let them begin with a clean sheet of paper; let them do away with manipulation, and open the economic facts on the line, and then they will have a chance to be stepping up to the problem.

The few people who do not have it are the people they call for courage and honesty in government. Government must, at least, hold to the true belief in opposition to political propagandizing.

Government must remain on the ground of government, and what, even in 1947, we do not demand from government is:

1. Honesty in Government.
2. Reduction of the Public Debt.
3. Development of industry, and above everything else, we demand the complete cessation of government in any form.

I pointed out in Cleveland at the "Industrial and Financial Positions in the Modern World," that it was my impression that the government should develop the public's attention to the large scale of governmental propaganda into a series of facts, relations to the automoble, for which there have never been an adequate knowledge.

I want to discuss the monetary factors which work directly under Government control, under two categories. One may be the so-called "cheap" prices, which I refer to as the cheaper paper dollar, which itself, automatically operates to increase prices of commodities, of wheat, corn, cotton, rubber, tin, copper, lead, iron, scrap and so on.

I realize there is a great deal of public misunderstanding about the meaning of money and prices. Instead of adding to the confusion and misunderstanding, I hope to make the government to aid in circulating a clear idea of what is the meaning of the means of promoting unity and economic truth and trust and suspiices. To do less than the truth in times like this is to work step by step in the direction of public belief.

While the government can do much harm through careless thoughtlessness, it can do no good by avoiding the making of clear and unambiguous statements. The government is not setting in good faith, and it can clean its own step, and step by step in the direction of public belief.

It is the solemn duty of government to create the atmosphere within which that effort. Industry can flourish; wherein men can work confidently knowing that today's labor can and will buy the same dollar in tomorrow's market. And that means that we must have money in which they can have confidence,

And the prime requisite is a governmental policy of fiscal integrity.

Now Emerson, Roche & Dunn

The Federal Reserve System as it was before the Great Depression, by Emerson, Roche & Dunn. For 90 days, the firm decides to change its name to Emerson, Roche & Dunn.

Duncan Sterling, New York

The firm's name changes from "Sterling, New York" to "Duncan Sterling, New York" after its chairman, R. Hoge, Jr., dies at his home at the age of 70.

Richard G. Horn Head

Richard G. Horn Head, manager of the board of directors of P. McDermott & Co., New York City, is killed at his home after a brief illness. He was 69 years old.
The Business Outlook

(Continued from page 3)

bank-held debt out of cash reserves must be a major source of powerful deflationary influence—unless it aroused strong expectations of an impending reduction in taxes.

III. Why is demand so large? The explanation is not found in the mere fact that people are buying more goods. Causing the expenditures on private consumption to be relatively large is a definitely higher rate of income has a very large rate of expenditure on private consumption. The explanation is the strong demand for goods. The strong demand for goods is two-fold—the large excess of exports over imports in relation to income—and the high rate of growth of the national product (1947 in comparison with 6.3% in 1929—but these high outputs have been accompanied by a very low rate of growth in this country. is about 6.1% of the gross national product in which is 12.7% of the gross national product, put together with 12.9% in 1940 and 15.8% in 1929. The expenditures of business are large, the receipts are large, the figures are high—7.6% of the gross national product in 1947. Therefore, the strong demand for goods is two-fold—the large excess of exports over imports in relation to income—and the high rate of growth of the national product (1947 in comparison with 6.3% in 1929—but these high outputs have been accompanied by a very low rate of growth in this country. is about 6.1% of the gross national product in which is 12.7% of the gross national product, put together with 12.9% in 1940 and 15.8% in 1929. The expenditures of business are large, the receipts are large, the figures are high—7.6% of the gross national product in 1947.

The net foreign investment of this country in fixed capital in 1947 has been about 47.5% of the gross national product in comparison with 36.9% in 1939 and 40.4% in 1940. The figure 47.5% may seem to many of your minds to be huge, but when foreign investors buy more from the United States than we buy from them, we are a net debtor to the world. So, the United States, they both raise incomes and reduce the cost of living for the goods available to meet domestic demand. Hence net foreign investment in fixed capital, which is a portion of the gross national product, can have a proportionately large effect on demand. The strong demand from consumers is the result of several causes: the lower prices of most goods, especially in relation to the prices of needs during the war; (2) the rise in real income per capita has neared the goal. Largely as a result of the expansion of employment, average real per capita income in the United States in the second quarter of 1947 was about 38% larger than in 1939. The higher per capita incomes, the larger the stocks of goods and the greater the number of families which individuals feel able to afford. Individuals have not yet had an opportunity to record all of the new stocks of goods to the quantities which people own and are using from their present incomes. Particularly important is the fact that the incomes of the low paid workers has increased the number of workers per family. As a result of this, the number of families has increased by about 4.8 million in 1940. Because the number of families has increased by about 10 million, but the number of workers per family has increased by about 4.8 million, in 1947, now they put it some time in 1948. Various reasons are given for expecting an early recession. Many people believe that given the rise in the price levels will be very large and the number of users and products are soon bound to produce sales resistance. Some people feel that the demand may be reduced and the expansion of credit—commercial, industrial—and the banks will be reduced as a result of the expansion of credit to customers. 

During the war the holdings of cash and bank deposits by individuals rose far faster than their incomes or their expenditures on consumer goods. Today personal holdings of cash and bank deposits are three and a half times 1940.
A Revised Foreign Policy
(Continued from page 19)

The third clause stated that we respected the right of all peoples to live in peace, and that we would not in any way assist the self-government restored to those who have been forcibly deprived of it.

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A Revised Foreign Policy

(Continued from page 29)
right and self-government re¬

We recognized the right of the Russian Army to occupy the Russian republics of Georgia, Armenia, and

With feeble protests, we turned over a large part of Germany to Poland and Czechoslovakia. We were compensated for territorial de¬

If the destruction suffered by

It was not enough to discredit

If the policy of extreme deniza¬

There we have made a serious

The Inter-American treaty, credit

The result has been to keep the

Dealsings With Germany

They have been equally a repudiation of the Atlantic Charter. I think it is fair to say that our policy has been domi¬

In effect, we adopted the Mor¬

In the Security Council acting in full compliance with the Atlantic Charter, we

As to the German people, the

Of course he was utterly un¬

The policy of the United States deprived the rest of Europe of

The policy of the United States was not so well thought of in

The result of our whole policy,

We have failed to keep our

The policy was a replication of the

If we are to govern ourselves at

There is one only way in which

We are deep in the midst of a

The government of Great Brit¬

I do not see how we can hope to

One does not need to be a

The result of the intervention of

Economic Steps Criticized

The dealings of the Administration in the foreign economic field
creates a condition favorable to toadyism in government, and, therefore, to corruption.

In general, the battle must be fought on a larger scale than that of the people of that country. Undoubtedly, the battle must be fought with more force and more vehemence. But there is no more forceful method for commodity framers than for economic freedom. It can be used with at least as much effect as any other and, in many cases, with far more effect.

I also recognize that the people of the Greek nation, with the help of the English and French, could make a great deal of progress in their economic situation. But I also recognize that the Greek people, unless they want to live in a state of economic servitude, must have the opportunity to make a choice among different economic systems. It is possible that they might well produce more hostility to our economic situation.

We should meet communism first here in the United States. It is the first step in the open and eliminate its influence. If we can’t get rid of it here, we certainly can’t get it out of the world.

A Policy For Germany

In opposition to the deflationary policy proposed by the Marshall Plan, the German government developed an economic situation which would support them without assistance from the United States. We should work out a peaceful world economic plan, and develop the American government and the German government on the basis of a free trading agreement.

In Japan we should work to develop a free market, and with controls to insure against the development of an armament, a market for Japanese goods in Japan.

Halsey Stuart Group Offers Telephone Bonds

Halsey, Stuart & Co., Inc. and the Union Telephone Co., on Oct. 1, $40,000,000 New England Telephone & Tel. Co. bonds, 3% debentures due Oct. 1, 1982 at 104% and accrued interest. Bids were received for the debentures at competitive rates at 103.125%.

The company intends to apply the net proceeds from the sale to the buying of securities for the company. The company expects to maintain the bonds to increase its working capital.

New Foreign Bounties

In the long run, no nation can live on foreign investments. It can only permanently enrich itself, if it can do so by its own earnings or foreign trade. We think we should look at the accomplishments of a few dollars. We have to control the standard of living in the United States, and only pay for goods shipped from abroad.

This year we have in our budget some $4,000,000,000 to finance foreign investments. Our annual contribution might be $25,000,000. The total amount of foreign aid has been裁ined in a period of about $25,000,000. The plan of the International Bank is to operate with resources of $500,000,000 or more. We think this is a dangerous amount, such assistance incidentally will come entirely from the United States.

The Reserve Board's Effect

The primary cause of the 1920 prosperity was the breaking of the old-fashioned and the establishment of a free-trade policy. Many nations, like Germany, the United States, and France, have taken the first step toward the establishment of a free-trade policy.

If we want to go back to the economic situation of 1920, we should do it. But we cannot do it. We have to change the economic system of the world, and that is the only way to do it.

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A Thorough-Going Deflation

If I were given my personal choice, I would prefer to undergo a sharp, fast-moving, cleansing deflation, for the sake of our hardworking and efficient farmers, and for a restoration of balance in trade, which we don’t have now. But I don’t believe it is at all likely in the near future. The European nations are trying to get their feet on the ground.

In fact, I would recommend a policy of monetary and fiscal action, including the establishment of a thorough-going deflation. If asked about the probability of this program working out in practice, I would say likely more than 50-50. I do not look for a high degree of confidence in the market until some of the domestic and international equilibrium is restored.

Old Stocks Cheaper than New

I agree that most stocks are cheaper than at any time since 1920. But I do not think that the old stocks are cheaper because of a better chance of property or service. Old issues are cheaper than new because they are cheaper than new. The common stock is not very bright now, but the common stock is bright. The established issues are not as bright as they were.

I close by saying that stocks would sell higher on lower earnings, higher on better chances of property or service, than on the decline of the old stock market.
Economic Problems Confronting The U.S.A.—An Earnest Warning

(Continued from first page)
to overlook because we associate them with other doctrines which we regard as much more vital. There is no one doctrine, no one undercurrent at work, natural forces to call them, or even the invisible hand of the market, which will bring about equilibrium. If it were not so, we could all barter and deal, indeed, even as we have for many decades past.... But in the long run these economics we cannot. And here we shall need them, if the current dislocations last long enough.

And if we reject the medicine from our systems altogether, we may find ourselves a great deal more difficult to expend and never really get fit again.

Before I proceed in giving my opinion on the nature of the problem and the remedies of our economy, I wish to dwell on the importance of the moral climate for the proper working of any competitive economy. I am afraid that much of the discussion of this question is often used without people fully realizing its meaning. And yet one cannot be serious in this without confidence. Our individual confidence is based on the risk-taking and competition, which are the individual planning for the future. Now, I am certain that in the immediate advantages and assum¬ing future advantage, which is the future will vindicate his actions.

We can choose to live in a collective economy or in an indi¬

The money wages have become rigid, or, rather, have only an upward flexibility. They do not respond immediately to expect a return to a lower gen¬

The wage structure and the wage-price relationship are not in the natural position of prices with creat¬

The President's Mid-Year Economic Report
Referring to the President's last report on the state of the economy, the report points out that the price level and profits once the inflationary forces have been spent themselves and Europe will have resumed production on a normal basis, the question is whether this depression will not by itself cor¬

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On Price-Distortion Lately practically all official spokesmen that is, economists who areion the current income rela¬

The Importance of the Wage-Structure and the Consumption-Economy
1. For one, we are strongly con¬

We have inherited from the war period a huge money supply and a large excess demand on all costs, without an increase in productivity. We have a much higher wage and salary level, and wealth and price relationships which are different from the pre-war period. And it is a well-known phenomenon after wars that when we stop inflating, they have a number of levels of prices tends to fall. If you take the five-year average of prices, you will see a very a.m.e phenomenon happening somewhere in the not too far distant future. The important ques¬

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High Income and the Wage-Structure
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An Earnest Warning
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Economic Equilibrium

In the United States, wages in 1914 to 1919 without war would have been almost the most significant and important single economic outcome. From the economic fact is a chain of consequences: entails a lead to a fundamental change in the American economy. Inasmuch as the Dow-Jones Industrial Average in 1919 was 110 during only one of the pre-war years, the conclusion that stocks were "historical high" when they reached a level of 100 was inexcusable. The industrial capacity and the industrial capacity of the country after the war was not at all as low as before the war. There is a good deal of evidence that the Dow-Jones Industrial Average was not below 100 in 1919. The reason was that the market was laying in a base in 1923 and 1924 for an inflationary rise of prices. Increase proportionating.

The abrupt fall in prices from 1929 to 1932 caused a new equilibrium between costs and prices. After the devaluation of the gold dollar by 26 cents in 1926, our wage policy, wages in many manufacturing industries, was allowed to rise substantially more than the increase in the price level. This same mistake in policy in 1893, 1894, and 1895 caused a general depression in 1897. The economic stagnation and unemployment in the United States during the 1890's can be explained in a much more sensible way by our wage policies than by any other cause. If our wage policy had been controlled by the mistake in wage policy is to be found in the first World War, and not in the second, and not in 1913 or 1912. The Federal Reserve Board of St. Louis, in 1913, was able to put the world price level by the mistake of the "management of price". The Federal Reserve Board of St. Louis, in 1913, was to be put into the long period and the short period of the policy which was made necessary by the monetary system. The problem of depression during the post-war period was solved on a fundamental level toward 1921. In point of fact, for the line being they are too high, and the change in the price level substantially above 180% of the base.
The State of the Trade and Industry

(Continued from page 3)

might be the sole method of preventing future and more serious bottlenecks.

The celebrated 10,000 car a month freight car program which was to have been a fact by October has failed to materialize and during the past week the actual output of the nation’s car builders will fall to 3,000 cars a month short of the major goal, the magazine reports.

Among the reasons given by the car builders and the steel industry present figures to indicate a blander forecast for the last two-thirds of the program failure, the situation is growing worse with cars being returned to the railroads at a rate that will make it difficult to get them in the shops. This condition has been going on since war days when some authorities believe that the freight car problem on a par with ammunition requirements.

Probably no one group can be accurately tagged with sole responsibility for the freight car program's failure. But it appears not to be due to a lack of ability on the part of the railroads to produce 10,000 cars a month. The rub is in the distribution of the various segments of the railroad industry participating in the program with imbalance in inventories and a general lack of continuity in the program as a whole. The result of the 10,000 car a month program.

Steel officials view this possibility the consideration that the government may set up an allocation program for freight cars, since during 1946, governmental allocations and directives almost wrecked the normal distribution of steel products and a reorientation of such methods would be likely to repeat that failure.

railroads are not aware of the fact that well-intentioned delivery promises on their steel quotations are not to be relied upon. They are not to be made by several large steel companies. Huge backlogs and carryovers have as disrupted order books that much of this tonnage is covered up with long deliveries, but is not necessarily to be obtained in 1948, states "The Iron Age.

The New York Steel Institute's Marshall Plan indicates, the magazine points out, that over the next four years about two million tons of scrap a year will be purchased in the United States. Half this amount, 1,500,000 tons, is reported to the short steel companies. Thus, while the A.F. of Little imagination to guess what effect its purchase for export will have on scrap tonnage, it is known that within the two years have served as an important reservoir for midwestern consumers.

Although the State Department has used dollar figures in talking about "crude and semi-finished steel," it looks like the Marshall Plan will call for more than two million tons of ingots and semi-finished steel per year. Shipment of such a large amount of steel requires a financial investment by the country that has a corresponding lack of control over the volume of finished steel products in this country.

The American Iron and Steel Institute announced on Monday of this week the operating rate of steel companies having 94% of the nation's iron and steel industry's capacity. This rate was reached the week beginning Sept. 25, 1947, as compared with 91.5% one week ago, 92.4% one month ago and 96.2% one year ago. This represents an increase of 6.3 points or 6.5% from the preceding week.

The week's operating rate is equivalent to 1,621,900 tons of steel ingots and castings compared to 1,616,700 tons one week ago, 1,621,900 tons one month ago and 1,585,700 tons one year ago.

The amount of electrical energy distributed by electricity companies was $4,985,015,306 for the week ending Sept. 25, 1947, compared with $4,977,141,000 in the preceding week, and was 8.7% in excess of the comparable period last year.

RAILROAD FREIGHT LOADINGS CONTINUE UPTREND FOR WEEK AND YEAR

Loadings of freight for the week ended Sept. 20, 1947, totaled 911,072 cars, the American Association of Railroads announces. This is an increase of 5,712 cars, or 0.6% above the preceding week. This represented an advance of 73.2 cars, or 4.9% above the corresponding week in 1946 and an increase of 93,779 cars, or 10.9% above the same week a year ago.

AUTOMOTIVE OUTPUT LOWER DUE TO CADILLAC AND HUDSON SHUTDOWNS

Automobile production last week declined as a result of the unforeseen closing of Cadillac offices by the shortage of carriage frame and the previously announced halting of Hudson lines to permit changes. As a result of the closing at the Cadillac Car buketor plant, it no longer appears to be a serious threat to produc tion, according to the manufacturers. In the case of Hudson, the burto manufacturers are stepping up schedules. It adds, that bar ring further closings because of material difficulties or labor flare-up will be necessary in order to prevent major losses of volume.

Production in the United States and Canada during the past week totaled 168,131 units, compared with a revised figure of 169,724 units, a postwar high in the previous period and 85,495 units in the comparable period of last year, states Ward's. In the corresponding week of the previous year, the figure was 172,000.

Last week's output comprised 106,419 vehicles made in this country and 61,692 imported units, of which 58,674 were of Canadian. This comprised 102,592 cars and 27,784 trucks, while the Dominion figure showed 8,126.

BUSINESS FAILURES AT HIGHEST LEVEL IN SIX-WEEK PERIOD

Rising in the field were the merchant Sept. 29, 1947, and sales in the business was the largest in the last two years. The figure for the week ended Sept. 20, 1947, compared with a decrease of 1% in the preceding week.

A marked increase in retail trade was noted here in New York during last week. The results were reflected in the high volume of small electrical appliances was plentiful, but the demand was sluggish. Buildings materials and supplies, both new and renewed, remained in large call. The demand for lumber rose slightly among the manufacturers whose inventories were large and capable of obtaining the various goods.

Wholesale stocks as moderately above the level of the preceding week and remained well above that of the corre sponding three weeks. The increase was as high as 1947, increased by 8% from the like period of last year. This compared with a decrease of 1% in the preceding week. For the four weeks ended Sept. 20, 1947, sales increased by 1% and for the year to date increased by 7%.

Consumers' buying in the Fall was slightly above the level of the preceding week and slightly above that of the corre sponding week a year ago. Retailers and loan officers, Inc. in its review of trade, found a discrimination against high-priced goods increased with resistance competitive activity but generally strong enough to halt the spiral in some of the larger grain export allocations, and improved weather conditions for the harvest of the new corn crop.

At the low points last Thursday, wheat was off about 38 cents and corn 32 cents from their recent highs. Government purchases for the week were : 10,000 bushels of wheat, 10,300 bushels of flour, and 20,000,000 pounds of flour. Flour prices increased and volume of sales expanded as a result of the decline in flour and resultant lower flour prices. Butter prices fell almost six cents in the past year, and prices are subject to relief of consumer resistance. Fresh beef, hogs, steers and lambs tended slightly lower, with sharp decline in the former.

Cotton markets registered moderate gains early in the week as the market was able to carry forward the reported large harvest and a marked decline in cottonseed and cottonseed oil as quoted weekly average for the week due to an extremely tight supply situation.

Wholesale prices were stable as inflationary forces were not in evidence. The seasonally adjusted index for the week ending Oct. 25, 1947, was 107.1. This is an increase of 1% over the previous week, and a decline of 1% over the year ago.

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The picture I have tried to portray is that of a happy one. I wish that you could read the facts that have been glossed over in the newspapers. It is time that realism should enter the picture and I hope that this will be an elaborate upon it further except to say that if we are to promote our own prosperity, we must not only strengthen our own house but also build up the rest of the world.

We have heard through the newspapers of the So-called Free Bancorporations. The seriousness of the situation is that we will agree with me on this point. We have outlined which are needed and what kind of changes are needed. We need not be deterred by the magnitude and scope of the social aspects.
As We See It
(Continued from first page)

take great pains to deny that it is in any sense a "short-sentence". Of course their course the peoples of these countries, then living in some sort of relative economic Utopia, will not even have their current international accounts in the black. What will have contributed to $20 billions or more for repair or service, of which there is no plan or provision in all that is said. Apparently, these vast sums are conceived of as our "contribution" to the welfare of European peoples in question; a sacrifice on our part to keep them out of their own communist clutches; a fantastic liberty designed to establish a bastion in our own defense; or a means of keeping ourselves prosperous by suspending largely helping to support 70,000,000 people beyond our own borders. We say "apparently." The conferences did not even take the trouble to explain on what grounds they laid any claim to this large participation in our wealth and income!

Not a Bread Line

It is not merely a bread line that is being requested or demanded. What, in effect, is being asked is that we finance—without so much of a reference to repayment—a four-year plan of parts of central and eastern Europe. It is New Deal-like economic planning on a vast scale that we are asked to underwrite (if underwrite is the right word), and what the blue prints call for is not restoration of Europe, but the creation of a new Europe—and the chief contribution of the beneficiaries is, apparently, to be bigger and better planning and "cooperating." A few excerpts from the report itself should easily convince anyone who reads it and is not of this structure that this is a four-year planned economy that is envisaged for more than 16 European countries with diverse economies, conflicting interests, numerous trade relations; it is envisaged for the future of the inhabitants of these countries which are to take the initiative and either "encourage" or direct the economic program in each case; that controls and other measures which stifle individual initiative are a sina qua non of any such procedures; that the program as outlined smuggles strong Keynesian notions and contradictions; and that the economic enterprise, finance, trade and other (though frequently recited), are so vague as to engender little confidence. In support of this accusation let paragraph number 25 be cited.

The production expansion, which is envisaged by 1951, is similar, in general scale too that achieved by the United States in the mobilization years 1940 to 1944.

In order to insure that the recovery program is carried out, the 16 participating countries pledge themselves to join together, and invite other European countries to join with them, in working to this end. This pledge is undertaken by each country with respect to its own national program, but it also takes into account similar pledges made by the other participating countries. In particular, each country undertakes to use all its efforts:

I. To develop its production to reach the targets, especially for food and coal; II. To make the fullest and most effective use of its existing production capacity and all available manpower; III. To modernize its equipment and transport, so that labor becomes more productive, conditions of work are improved, and standards of living of all peoples of Europe are raised;

IV. To apply all necessary measures leading to the rapid attaining of full production and national monetary and economic stability while maintaining in each country a high level of employment; V. To cooperate with one another and with like-minded countries in all possible steps to reduce the tariffs and other barriers to the expansion of trade both between themselves and with the rest of the world, in accordance with the principles of the draft charter for an international trade organization;

VI. To remove progressively the obstacles to the free movement of foreign trade within Europe; VII. To organize together the means by which common resources can be developed in partnership. This program would still leave Europe in the red even according to the figures of this report. We are asked to finance it without even a hint of repayment. Here is what the report says on that point:

"In the last analysis the estimated means of recovery can be realized only if one gives the United States, which has by its assistance in the last two years already rescued Europe from collapse and chaos. Unfortunately the size of the problem has proved greater than was expected. The coalition caused by war was more far-reaching and the obstacles to recovery more formidable than was realized even six months ago. This report contains it is believed a realistic appraisal of the situation. In it the participating countries have set out the facts as they see them and on the basis of those facts have formulated a recovery program. The program has been designed to enlist an existing productive capacity. In drawing it up they have sought to reduce their needs from the American continent to the minimum consistent with its achievement. Therefore if the United States and other countries in their Congress will consider this program to determine whether the means can be found of supplying those demands which the United States will depend in order that the United States can achieve economic stability and thereby be enabled to make her full contribution to the welfare of the world.

All this, obviously, is a piece of the Atlantic Charter, of keeping the bastion of being a sucker."

Let us by all means do what we can for those who derive it, but let's keep our feet on the ground!

Securities Regulation in New York

(Continued from page 13)

past few months the wholehearted cooperation of both the Exchange and the board of trade of Indiana enabled us to obtain the arrest and arraignment of our charge. We hope to win that case, and we feel that our confines for what he supposed was a salubrious atmosphere of Indiana.

While there are defects in our system, in the past we have been misled by the run and take, (in the hope of remedying, we believe that as a practical proposition it is the type of statute best designed for the peculiar problems of New York State), the change that has been produced in the regulatory machinery of SEC, if governed by the Board of Trade and industry in the best possible method without the straining effects of doing it all in a single man, (as it might well have in New York State).

The Prospectus

The biggest single problem, of course, is the hugeness of every fraud administrator, namely, the prospectus, as John Henry points out last year, while he is argued that if the investor has received a copy of the prospectus and fails to read it he is no position to complain of not understanding it, if he does not read it and if he does, doesn't understand it.

With this had a glaring example of that in New York. In one of our investigations it was discovered that a public offering was made, a prospectus issued, the corporate issuer to be insolvent, and an amended statement filed with the SEC clearly indicating that the enterprise was steadily increasing. Investigation disclosed, of course, that each such statement was accompanied with a copy of the prospectus. De¬ spite the fact that the issuer would be aware that the public offering would lead any sane person to avoid the issue, more than $300,000 in trust stock was nevertheless sold. To obtain injunctions or convictions on the basis of false representations in the prospectus, where complaining investors are compelled to testify that they were furnished with a truthful statement of the condition of the enterprise, the state of the country, the stability and prosperity of the business, approaches the impossible. I know that in saying this I seem to be making use of a form of argument for that line of reasoning that has frequently been dis¬ cussed at our meetings, which justifies a state regulatory commis¬ sion in demanding of the corporation the right to sell its securities solely because such securities lack merit (or lack statement, or whatever).

Nevertheless, an observation of the SEC proceedings that they are being distributed in the State of New York, New York and with the reali¬ zation of the number of man hours which would be necessary to investigate such cases, it seems impossible for any governmental agency of the State of New York to assume the responsibility of such a vast and far reaching an undertaking.

Of course we do not pretend to know what the answer to the problem presented by the use of the prospectus in this manner is. Surely we need to assume that these Securities and Exchange Commis¬ sioner should require less than full disclosure, that such disclosure will maintain a New York office, in each and every company. In conclusion this progresses the investor becomes less more confused concerning the actual security and more likely to listen to the reverse story of the company without further ado. Thus, the prospectus is often used as a shield by the unscrupulous, who when he is in fact his presentation of himself against the accusation of being false and fraudulent, can only misrepresentation of which he is guilty. As I say, we do not pretend to know the answer to this practical difficulty. It con¬ fronts us constantly and I assume that that is why the matter was found, by which that which was intended to protect the investor may not be used as a means of defrauding him.

Herbert H. Blizzard
Opens in Philadelphia

PHILADELPHIA, PA.—An¬ nouncement of the formation of Herbert H. Blizzard & Co., with offices at 122 South Broad St., Philadelphia, to specialize in the sale of securities and to handle the retail activities of Herbert H. Blizzard & Co. In 1922 the original firm of Herbert H. Bliz¬ zard & Co. was formed.

In January, 1947, the firm of Hess, Blizzard & Co. was incor¬ porated, from which company Mr. Blizzard, as Vice-President of the firm and later as Vice-President of the newly formed firm, will operate, and now, under the new corporate arrangement, the firm of Herbert H. Blizzard & Co. will be the new name of the organization.

The firm will operate under the name of the firm, "Herbert H. Blizzard & Co."

Kirchofer & Arnold
Reorganizes Facilities

RALEIGH, N. C.—A joint an¬ nouncement has been made by H. L. Kirchofer, Jr., President of the formation of Kirchofer & Arnold, Inc., to handle the retail activities of Kirchofer & Arnold, Incorporated. The new firm becomes effective Oct. 1. Anderson becomes Executive Vice-President of the newly formed firm while Kirchofer continues as President of Kirchofer & Arnold, Incorporated.

Under the new arrangement Kirchofer & Arnold will specialize in private finance

Kirchofer & Arnold Associates, Inc., will handle all deal exclusively in public and in¬ vestment securities.

"There is no need to improve on what we have now," said Kirchofer, "to be broad and to facilitate our joint services. By adding to its already diversified line of retail sales, and another for wholesale and underwriting activity, each firm can engage in a central type of service in its own chosen field. While there are now two separate corporations, both firms will operate on an acc¬ order basis."

Both firms will continue to oc¬ cupy the present offices in the Insurance Building, Raleigh, and the disclosures of Kirchofer & Arnold, Inc., will continue the opera¬ tion of the Charlotte office.

The announcement was made by H. L. Kirchofer, Jr., President of Kirchofer & Arnold, Inc., since 1934. The following list of vice-presidents of Kirchofer & Arnold As¬ sociates, Inc., who have been formerly associated with Kircho¬ fer & Arnold, Incorporated:

G. E. Anderson, President; H. L. Kirchofer, Jr., Vice President; C. S. Klein, Charlotte, Vice President; G. H. Rosner, Durham, Vice Presi¬ dent; G. E. Anderson, New Bern; A. S. Kirchofer, As¬ sistant Vice President; J. W. Anderson, New Bern; M. W. Blair, New Bern; J. P. Abernethy, Raleigh, Treasurer; R. A. C. Creighton, Raleigh, Assistant Treasurer; W. W. Norwood, Raleigh, Assistant Treasurer;
### Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month and various dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, as of that date:

#### AMERICAN IRON AND STEEL INSTITUTE:
- Indicated (not seasonal) operations (expressed in capacity)

#### AMERICAN PETROLEUM INSTITUTE:
- Crude runs to stills—daily average (thousand bbls.)
- Crude runs to distillation—daily average (thousand bbls.)
- Crude runs to stills—weekly average (thousand bbls.)
- Crude runs to distillation—weekly average (thousand bbls.)
- Crude runs to stills—monthly average (thousand bbls.)
- Crude runs to distillation—monthly average (thousand bbls.)
- Crude runs to stills—annual average (thousand bbls.)
- Crude runs to distillation—annual average (thousand bbls.)
- Crude runs to stills—life (thousand bbls.)
- Crude runs to distillation—life (thousand bbls.)
- Plant output (thousand bbls.)
- Refinery output (thousand bbls.)
- Production of finished gasoline (thousand bbls.)
- Distillate fuel oil (thousand bbls.)
- Gasoline (thousand bbls.)
- Kerosene (thousand bbls.)
- Residual fuel oil (thousand bbls.)

#### ASSOCIATION OF AMERICAN RAILROADS:
- Revenue freight received from connections (number of cars)
- Revenue freight received from connections (tons)

#### CIVIL ENGINEERING CONSTRUCTION, ENGINEERING NEWS:
- Total U. & construction
- Private construction
- Public construction
- Total construction
- Total U. & construction

#### COAL OUTPUT (U. S. BUREAU OF MINES):
- Bituminous coal and lignite (tons)
- Subbituminous coal (tons)
- Lignite (tons)

#### DEPARTMENT STORE SALES INDEX:
- National average for week ending

#### ECONOMIC ELECTRIC HABITAT:
- Steam electric (number of kwth.)

#### FAILURES—COMMERCIAL AND INDUSTRIAL—BUN & BRAD. STREET.:
- Total bank failures

#### IRON AGE COMPOSITE PRICES:
- Ferro-alloys
- Pig iron (per ton)
- Scrap (per ton)

#### METAL PRICES (E. & M. J. QUOTATIONS):
- Electrolytic copper
- Copper blister
- Cast copper
- Copper wire
- Copper pipe
- Copper wire
- Copper pipe
- Copper pipe
- Copper pipe
- Copper pipe
- Copper pipe
- Copper pipe
- Copper pipe

#### MOODY'S BODY DYNAMICS AVERAGES:
- U. S. Govt. Bonds
- Savings bonds
- Corporate bonds
- U. S. Treasury
- State bonds
- U. S. bonds
- Mortgage bonds
- Mortgage bonds
- Mortgage bonds
- Mortgage bonds
- Mortgage bonds

#### MOODY'S BODY DYNAMICS INDEXES:
- U. S. Gov't. Bonds
- Savings bonds
- Corporate bonds
- U. S. Treasury

#### NATIONAL COMMODITY INDEX:
- Wheat
- Flour
- Oil
- Coal
- Natural gas
- Tone
- Cotton

#### NATIONAL PAPERWORK ASSOCIATION:
- Brands received
- Brands received
- Number of papers
- Number of papers
- Percentage of activity
- Percentage of activity
- Number of papers
- Number of papers

#### OIL, PAINT AND DRUG REPORTER PRICE INDEX:
- Oil
- Paint
- Drug

#### WHOLESALE PRICES—U. S. DEPT. LABOR—1913-1938:
- All commodities
- Food products
- Non-food products
- Textile products
- Chemical and drug products
- Metal and metal products
- Furniture materials
- Furnishings goods
- Miscellaneous materials
- Special goods
- Raw materials
- Manufactured goods
- All fabricated other than farm products
- "All different" market—market quotation 21.25c.

### Indications of Current Business Activity

#### ALUMINUM WROUGHT PRODUCTS (DEPT. OF COMMERCE—March of Year)
- Total shipments (thousands of pounds)

#### AMERICAN IRON AND STEEL INSTITUTE:
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced
- Steel ingots and steel for castings produced

#### ASSOCIATION OF AMERICAN RAILROADS—Month of August
- Freight traffic handled by Class I RRs.
- Revenue ton-mile—1000
c. counted

#### BUILDING PERMIT VOLUMES—BUN & BRAD. STREET.:
- New building permits

#### BUSINESS FAILURES—BUN & BRAD. STREET.:
- Number of business failures
- Number of business failures

#### CANADIAN ENGINEERING INDEX:
- Total Canadian sales

#### COMMERCIAL SERVICE TO THE MILITARY:
- Total tonnage

#### COMMERCIAL STEEL FORGINGS (DEPT. OF COMMERCE—March of Year)
- Shipments (tons)

#### COPPER INSTITUTE—Month of August
- Copper production

#### GRAY IRON CASTINGS (DEPT. OF COMMERCE—March of Year)
- Shipments (tons)

#### INTERSTATE COMMERCE COMMISSION:
- Total rail traffic

#### METAL OUTPUT (BUREAU OF MINE)—Month of July
- Production of iron and steel

#### MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.: FABRICATORS ASSOCIATION—Month of August
- Total factory sales

#### NON-FERROUS CASTINGS (DEPT. OF COMMERCE—Month of July)
- Aluminum (thousands of pounds)
- Copper (thousands of pounds)
- Magnesium (thousands of pounds)
- Tin (thousands of pounds)

#### STEEL CASTINGS (DEPT. OF COMMERCE—Month of Month)
- Shipments (tons)

#### TRUCK TRAILERS (DEPT. OF COMMERCE—Month of Month)
- Shipments (units)

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*Figures refer to Preliminary figures. Idiosyncratic average in year 1946.*
Securities Now in Registration

- **Air Products, Inc., Allentown, Pa.**
  Sept. 29 filed 150,000 shares ($1 par) common. Underwriters—Raymond C., and Lawrence M. Martin & Co., both of New York. Price by amendment. Proceeds—To expand working capital.

- **Alabama Power Co., Birmingham, Ala.**

- **Aluminum Industries, Inc., Cincinnati, Ohio**

- **American Petroleum Co. of Colorado, Inc., Delta, Colo.**
  Sept. 23 (letter of notification) 50,000 shares ($1 par) common. Price—$1 a share. With each share, the purchasers will receive one share of stock in a beer can contributed by H. A. Hackathorn. To be sold through selling agents. To acquire further oil and gas leases.

- **American-Visayan Trading Co., Inc., Oakland, Calif.**
  Sept. 24 (letter of notification) 43 shares ($100 par) 6% debentures due 1955 and sold by Underwriter—J. L. Sweeney & Co., New York. To be sold at par through officers of the company. For expansion of export-import business.

- **American Water Works & Electric Co., Inc., N. Y. (10/7)**
  March 30, 1946 filed 2,698,472 shares of common ($5 par). Underwriter—Rao, Reed, and Working and The First Boston Corp. Offering—Stockholders of record Sept. 26 of American Water Works & Electric Co., Inc., have the right to purchase an additional 2,634,105 shares of stock to the extent of one share for every 19 shares held. Rights expire 3 p.m. (EST) Oct. 6. Company is making exchange offers to the public preferred stockholders of Community Water Service Co., and Ohio Cities Water Co., and to the holders of certain preferred stockholders of Community. For this purpose 343,964 shares of preferred stock, series A, and 11,403 shares are being offered for the public common stock of Community for each share held at the close of business on Sept. 26. Shares are not underwritten. Expiration rights expire 3 p.m. (EST) Oct. 13.

- **Anchor Post Products, Inc., Flemington, N. J.**
  Sept. 8 (letter of notification) 45,550 shares ($2 par) common. Price—$4 a share. Offered to stockholders of record as of Sept. 1. In ratio of one new share for each five shares held. Rights expire Oct. 31. No underwriting. For expansion of company's business.

- **Angels Over Broadway, Inc., New York (10/6)**
  Sept. 26 (letter of notification) 2,000 shares of preferred stock (par $100) and 500 shares of common ($1). Price—For each class. Underwriters. Finance production costs of musical plan known as company's Broadway show. Proceeds—To be used for general corporate purposes.

- **Associates Investment Co. (10/7)**
  Sept. 15 filed 223,000 shares ($10 par) common. Underwriters—F. S. Mosley & Co., Boston; Gore, Forgan & Co., New York; and Chicago & Louisville Protective Service of Kentucky, Inc. Price by amendment. Proceeds—Of the total offering, the company is selling 200,000 shares and 23,000 shares by selling stockholders. The proceeds will be added to working capital.

- **Atlantic Products Corp., Trenton, N. J.**
  Sept. 23 (letter of notification) 29,065 shares of common stock (par $1). Price—$1.75 per share. Underwriting—None. To be offered to public to provide the public with an opportunity to purchase shares of the company. The company is offering 10% of the outstanding stock to the public at $1.75 per share. The offering is expected to be made for the benefit of stockholders. Proceeds—To be used for general corporate purposes.

- **Belden Manufacturing Co., Chicago**
  Sept. 22 (letter of notification) 29,164 shares ($10 par) common. Price—$10 a share. To be offered for sub-

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**Corporate and Public Financing**

The FIRST BOSTON CORPORATION

Boston New York Pittsburgh Chicago and other cities
Federal Electric Products Co.  
Feb. 26, filed 150,000 shares ($1 par) common class A. 

Fleming Industries Inc., New York  

Fleming Industries Inc., New York  

Floral Water Co., Harrisburg, Pa. (10/7-8)  


Gallup (N. M.) Dome, Inc.  
Sept. 22, letter of notification 20,000 shares of stock. Price—$1 a share. Underwriting—Name to be filed. Price by underwriters. 

Germantown Corp., Philadelphia  

Green Power Co., Dubuque, Iowa  
May 13 filed $18,400,000 of first mortgage bonds, due 1977, and $2,012,223 shares ($5.50 par) capital stock. Proceeds—For development and remuneration. New construction and for working capital. Bonds awarded Sept. 24 to Halsey, Stuart & Co. Inc. on bid of 103.80 for a 3% coupon rate, Stock awarded Sept. 24 on bid of $46.50 per share. 

Greenwood Chemical Co., Winona, Minn.  
July 22 (letter of notification) 60,000 shares ($1 par) common stock. Proceeds—To: L. L. Bailey & Co., Knoxville, Tenn. 

Great Western Film Co., Los Angeles  

Great Western Furniture Co., Des Moines  
Sept. 13 (letter of notification) 100,000 shares ($1 par) common stock. Underwriter—Progressive National Bank & Trust Co., Des Moines. 

Great Western Instrument Co., Denver  
Sept. 2, (letter of notification) 45,250 shares ($1 par) capital stock. Price—$2 a share. To: to be sold through brokers of the company, 35,000 shares will be offered for cash and 10,000 shares will be issued in exchange for 32,000 shares of common stock of Great Western Agency Co. In order to acquire all of the latter's assets. 

Greenback (Tom.) Industries Inc., New York  
Sept. 17, letter of notification 25,000 shares ($10 par) preferred stock, par ($10 par) preferred stock, par value $10 per unit, consisting of one share of preferred and two shares of common. Underwriter—L. L. Bailey & Co., Knoxville, Tenn. 

Green Oak, Inc., Chicago  

Greenbush, Mich.  
May 15 filed 25,000 shares of common stock, par ($1 par) common stock, par value $10 per unit, consisting of one share of preferred and five shares of common. Proceeds—To be applied for cash and 10,000 shares of common stock will be supplied by the company. 

First Investors Shares Corp., New York  
Sept. 14, letter of notification 10,000 shares of preferred stock ($10 par); 25,000 shares of common stock. Price—Price—$10 par. Proceeds—For rehabilitation. 

First National Services Corp., New York  

First National Corp., New York  

First National Trust Co., Cincinnati  
Sept. 21, letter of notification 1,000,000 shares ($1 par) common stock. Proceeds—Price—$1 par. Underwriting—To: H. J. Mark & Co., Cincinnati. 

First National Trust Co., Cincinnati  

First National Trust Co., Cincinnati  

First National Trust Co., Cincinnati  

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First National Trust Co., Cincinnati  

(Continued on page 40)
Prominent Public Offering

Federal Reserve Bank of St. Louis

**Prospective Offerings**

**Chesapeake & Ohio Ry.**

Company has invited bids for the sale of new 30-year $1,000 debentures. Proceeds will be used for working capital and expansion purposes.

**Standard-Thompson Corp., Dayton.**

Company will offer $10,000,000 of 4% debentures due 1957, with warrants to purchase $7,000,000 of common stock. Price—$100 par. Proceeds will be used for working capital and expansion purposes.

**Stearling Electric Motors, Inc., Los Angeles.**

Company will offer 7,000,000 shares of common stock. Price—$1 per share. Proceeds will be used for working capital and expansion purposes.

**Texas Power & Light Co.**

Company will offer $25,000,000 of 5% first mortgage bonds. Price—$100 par. Proceeds will be used for working capital and expansion purposes.

**Title Insurance Company of Montana, Seattle.**

Company will offer $5,000,000 of 5% first mortgage bonds. Price—$100 par. Proceeds will be used for working capital and expansion purposes.

**Tri State Linen White Corp., Jackson.**

Company will offer $5,000,000 of 5% first mortgage bonds. Price—$100 par. Proceeds will be used for working capital and expansion purposes.

**United States Government.**

**Western Gold Mines, Inc., Jersey City, N. J.**

Company will offer $5,000,000 of 5% first mortgage bonds. Proceeds will be used for working capital and expansion purposes.

**Wisconsin Investment Co., Milwaukee.**

Company will offer $10,000,000 of common stock. Proceeds will be used for working capital and expansion purposes.

**Wisconsin Public Service Corp., Milwaukee.**

Company will offer $4,000,000 of 3% first mortgage bonds. Proceeds will be used for working capital and expansion purposes.
use proceeds to finance expansion program. Probable buyers: Moseley & Co., Inc.; The First Boston Corp.; Byth & Co., Inc.

Richardson, Fredericksburg & Potomac:

Company is inviting bids, to be submitted on or before noon (EST) Oct. 16, for the lowest price of interest at which-bidders will finance $1,382,000, 6% debentures maturing in 1961, issued under a conditional sales agreement certain equipment to be acquired from American Radiator Co.

Seaboard Air Line RR. (10/6)
The company has issued invitations for bids to be received up to noon (EST) Oct. 16, for 1,000 $100 face value 6% debenture trust certificates to be dated Oct. 15, 1947, and to mature $300,000 annually from Oct. 15, 1947, until maturity, payable at the option of the company to the holder of the certificate. The certificates will bear interest at the rate of $6 per $100 of principal to date Oct. 15, 1947, and such interest will be paid semiannually.

Southern Pacific Co. (10/2)

Company requests bids for the lowest price of interest, per annum, at which bidders will provide not more than $2,382,600, 6% debentures, which will bear interest at the rate of $1,420,000, of which $1,292,000, or 80% of the actual aggregate purchase price, whichever is less, payable semiannually.

Soviet's 'disarmament' clearly

Eastern newspapers made much of the Soviet’s visiting angel of peace—that the United States is a country of peace, and that peace is the fruit of atomic bombs and outlaw their future production, and by such typical headlines in the Moscow Press:

"The U. S. and British Opposition Reduce Arsenals"; "U. S. R. Standing for Prohibition of Atom Weapons and International Control."

Actually, this is not so. The Americans are unhesitatingly practiced ever since our representation was first en¬
trusted to the United Nations, and their headlong rush to escape from the responsibility imposed by monopoly possession of the weapon. As Britain’s Minister of State, Mr. McNeill has so clearly pointed out, the United States not only stands ready to have its plants inspected, but actually to see them placed under the ownership and management of an international agency, under terms as well as the Berlin Victory.$1,740,996, or $5,397, of the outstanding shares, and 1,141,653 shares or 50.37% of the outstanding stock of the U. S. R. Underwriting Agreement. Acquisition of the Group Interest by

Sunset S. Co., under arrangements whereby Sunset would acquire the Getty Group interest in Pacific Western Oil Co., are reported in an advanced stage. Pacific Western owns 40.11%, or $61,000 shares of Mission Corp., and 78,000 shares of Tide Water Associated Oil Co. stock, or 6.93% of the outstanding shares of the latter. Mission owns 582,657 shares of Skelly Oil Co., or 59.37% of the outstanding shares, and 1,341,653 shares or 50.37% of the T. W. A. Oil Co. Underwriting Agreement. Acquisition of the Getty Group inter¬

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even though the bonds are rated triple A, to ap¬

peal to the portfolio buyers of insurance companies. At any rate, the latter are reportedly interested, what re¬

volves a differential of around 8%.

There have been quite a number of new issues in the 

Southern Pacific Co.

Southern Pacific Co., Sept. 21, at a special meeting of stockholders will vote on a plan to authorize the issuance of additional number of shares of common stock to 5,000,000 from 2,250,000. If approved, company will offer approximately $84,320 shares of common stock to shareholders on the basis of one share of new stock for every 15 shares they now hold to the offer. The offering price, subscription terms and offering dates have not yet been determined. Proceeds will be used for capital expenditures and for other corporate pur¬

poses. Capital expenditures this year will amount to approximately $27,000,000. Probable underwrit¬

er: F. S. Moseley & Co.

Sunny Oil Co. (Sept. 28): negotiations whereby Sunray would acquire the Getty Group interest in Pacific Western Oil Co., are reported in an advanced stage. Pacific Western owns 40.11%, or $61,000 shares of Mission Corp., and 78,000 shares of Tide Water Associated Oil Co. stock, or 6.93% of the outstanding shares of the latter. Mission owns 582,657 shares of Skelly Oil Co., or 59.37% of the outstanding shares, and 1,341,653 shares or 50.37% of the T. W. A. Oil Co. Underwriting Agreement. Acquisition of the Getty Group inter¬

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Postwar Bank Credit Problems

(Continued from preceding page)

Readjustment in the balance of national defense. We have provided altogether since the end of the war foreign grants and credits of $315 billion, which is only two-thirds of the total foreign aid budget for the first two postwar (1945) years. Surely such an enormous amount would be made available for helping to win the peace, and with a expenditure of $350 billion used to win the war...

We should be fully aware of the costs and risks of providing foreign aid and make adjustments in our policies accordingly. We cannot be expected to stand by and watch with advantage without suffering the consequences of our actions in the reorganization of controls. Countries receiving assistance should be made to take into consideration the present situation, the reorganization of controls. Countries receiving assistance should be made to take into consideration the present situation, the cooperation of the country that is being included, and it is important that we must adjust measures to assure the effective use of their own assets as well as of those received from us. If these requirements are met, it would be shortened, as well as less painful, for us, and less needed to prevent starvation and to reconstruct productive capacity in the war areas. To increase our already large consumption... and invest the money. In the rest of the world, the greatest... products for the first time, in the rest of the world.

The Federal Reserve should not be... to be for the national and the world.

Cost of Maintaining the Peace

We spent nearly $350 billion to win the war and we are now spending... great military expenditures, if our peace is to be a reliable peace. The large part of the world is in a difficult situation. Even in those parts left intact, the cost of the war itself, the destruction of property, the disruption of life, and supplies of nearly everything needed to meet these demands are inadequate. The money they have, however, cannot be used to make purchases from countries which have goods for sale, and their trade can be exchanged for other exports from exchange. When people are thus unengaged, they can spend their new income on the purchases of political pacificasts.. and they can generate feelings of hatred toward those who are not equal to them. This state of mind is common in all countries in the world. In the two fiscal years from July, 1946, to June 1948, we have had an increase of $2 billion for the maintenance of the peace.

NOTICE OF MEETING OF SHAREHOLDERS

COMPANIA HISPANO-AMERICANA DE ELECTRICIDAD (CHADE) S. A.

To be held in Luxembourg on Tuesday, October 28th, 1947.

The following is a translation of a Notice published in the Brussels Special of the Journal de Commerce and Industry for August 4th, 1947, and appeared in the Official Bulletin of the Société Financière de Zurich, Antwerp:

NOTICE OF MEETING OF SHAREHOLDERS

COMPANIA HISPANO-AMERICANA DE ELECTRICIDAD (CHADE) S. A.

To be held in Luxembourg on Tuesday, October 28th, 1947.

THE FOLLOWING IS A TRANSLATION OF A NOTICE PUBLISHED IN THE BRUSSELS SPECIAL OF THE JOURNAL DE COMMERCE AND INDUSTRY FOR AUGUST 4TH, 1947, AND APPEARED IN THE OFFICIAL BULLETIN OF THE SOCIETE FINANCIERE DE ZURICH, ANVERS:

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The Befuddled Foreign Exchange Situation

(Continued from page 4)

world today make it quite evident that the currency of some countries is likely to be affected by the Anglo-American loan agreement. However, with the suspension of convertibility by many of the countries, this thought will not become a fact for some time. The International Monetary Fund was established in 1944 to be a medium through which the free conversion of currencies would be made more easily possible. Due to the many unforeseen political and economic situations, the full functioning of the Fund has been materially retarded, and whatever its benefits may be in the future will probably not be apparent for some time.

During the war most importers became accustomed to buy everything abroad on a United States dollar basis, in some cases not even bothering to be bothered with the through quotations of other money. In other cases, the foreign sellers insist on quoting in dollars as this method of payment is the best protection in the event of default of their own currency. This feature has satisfied most American importers and probably the world in general during a period of stable or rising prices for products and materials, but the day may again come when you will be obliged to again become interested in foreign exchange markets.

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Washington... And You

There is too much of the hullabu to the word "plan" of the Marshall Plan. It implies that sometime there will be a plan. That "sometime" will be after the various Administration committees and Congress have threshed it around.

Theoretically after the "plan" has been approved by Congress, industry and business will know what's ahead in the foreign aid picture for years. Then business can reasonably gauge the varied effects of the program in planning its own production, distribution, plant expansion—in fact all business policy.

There will come NO Monday morning sometime next year when, the "plan" being approved by Congress, business can then relax and say, "Now we know what's ahead in this field, any-where.

And why? Because the wise boys here point out, the Marshall "plan" is the beginning of warfare. It is economic warfare, so far the U. S. has attempted to contain Russia by "diplomatic warfare." It hasn't worked. This is why top officials have come out for economic warfare. They hope economic war will be enough. But economic war it is.

Any kind of a war, even an economic war, is an uncertain and exasperating thing. Remember the first lend-lease program? It was designed to avoid military war. There is one sharp difference to note in resurrecting the history of lend-lease. Officials currently have much less of the tongue-in-cheek attitude in thinking economic warfare alone will win this time.

The trouble with any fight is that there is the other guy to contend with. The other guy isn't interested in letting you win. Quite the opposite. One can lay it on the line that the other guy in this case will not be an objective speculator. He will do all he can to counter U. S. moves. And like any part of the second part in a scrap he may be expected to lead with a few haymakers of his own.

BUSINESS BUZZ

"These Gartets Are the Nuts!"

We Are Wasteful, but They----

"Without further action, we would be able to carry through a large export program; but, as a result of sharply reduced corn production and continued high domestic demand for grain, exports would not equal last year's total shipments—even though world needs are greater."

"The United States cannot rest on this export report. To ship more abroad without adjustments in domestic demand, however, would aggravate our own price situation.

"There is one immediate and personal thing each of us can do. We can start now to conserve by being more selective in foods we buy, particularly livestock products. It would require large quantities of grain. Such action on our part will do two things. We will save on our family budget and we will help those overseas who are in desperate need. I am confident that the American people, realizing the extreme seriousness of the situation, will cooperate fully."

-PRESIDENT TRUMAN

We are wasteful people, wasteful as regards food, fuel and as many other things as we can be. It would be well if we did what we can to correct the situation.

We should all do more and do so much more readily, or so we think, if we were clearer that all those now crying for help were doing all they could to meet their own needs.

It will be a long time before the Treasury starts thinking about selling a long-term issue of marketable bonds. But the non-markets are on sale, they push back to some indefinite time next year the possibility of specialization on prospects for a market of national defense, or course for refinancing. The sale of the non-markets will be re-opened from time to time. The subscription basis probably will be changed with the next sale.

One percent is about the best one will be able to get on one-year government bonds for some time.

Railroads will get their emergency 10% rate boost. But they will get it at the cost of most segments. They are not expected to be acted upon this year. It may be well into the next session before the Interstate Commerce Commission acts.

Republican leaders are having almost as much luck drumming up interest in revision of the farm laws as doctors have getting most people to have medical examinations. They don't want to. The committee hopes to re-draft farm aid laws to place less emphasis upon the support of the cash crops and move more upon encouraging "nutritious" products. That idea also is to reduce the level of government subsidy and intervention it is hoped to do this while farmers are prosperous. If they wait until farm prices some day come down, then all the heat will be in favor of subsidies and supports. But most members refuse to worry about the farm problem until there is a genuine farm problem.

Right now the Administration is boilers for higher margins on grain sold on the commodity exchanges. They can't get higher margins without Congress. The margin to restrain rising prices are of little interest to farm section Congressmen. The commodity market collapses then, of course, it is a "bad" market and almost any political - economic punishment goes.