

Problem of Reviving Foreign Trade Still Foremost in British Industry

Much Discussion With Little Results Again the Story as Labor's Recommendations for Aiding Unemployment Meet Old Objections; Competition Fear Stressed

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LONDON, Jan. 30.—It is the usual story again this week—much talk and few results. Labor's recommendations for a solution of the unemployment problem contain nothing new or instructive and give no indication why labor leaders refused to cooperate with the government.

Labor only suggests reopening trade with Russia without explaining how Russia, without exportable goods available, can stimulate employment here by buying British goods. The recommendations suggest schemes of credit to impoverished countries without any attempt to solve the difficulties met by bankers and credit experts in attempting to devise workable programs. Finally the recommendations emphasize the undeniability of lowering the economic standard of the working classes, but they propose to sustain it not by an improvement in production at lower costs, but by a system of "doles" to the unemployed, which, by increasing government expenditures and consequently taxation, would be more likely to increase unemployment because taxpayers' purchasing power would be reduced.

Wage Earners Understand
In the mean time there is evidence that the rank and file of wage earners are more keenly alive to the facts of their position than the labor leaders in accepting wage reductions in preference to closing plants which cannot produce profitably at the old scale. It is apparent, moreover, that unless the cost of production in British industry is reduced business men of this country will be unable to compete in neutral markets with German and Belgian producers, whose workmen are doing a better day's work for much lower wages than the British workers.

In a country such as England, depending for its existence on export trade, it is obvious that wage earners cannot expect to maintain a standard of comfort superior to Continental com-

petitors unless the superior standard is accompanied by a standard of work that is at least equally superior.

Consider Export Schemes
The government is still discussing the question of export credit schemes and has made progress to the extent of appointing committees of experts to study the situation. As was announced in these dispatches Christmas, the Board of Trade has been considering credit schemes in conjunction with expert business advisers. This slow progress is only another example of the amusing and exasperating official methods. As usual, everybody wants somebody else to guarantee and take risks. I think it probable that something will be tried, but on a small scale and tentatively.

The bank balance sheets so far published show no reduction whatever in credit outstanding, decreased cash holdings, larger deposits and an advance in discounts. Rapid collection of revenue gives the Bank of England control of the position. A reduction of the bank rate now is thought unlikely unless marked symptoms of contraction here come, or a reduction on your side. Monthly statements of the positions of banks, it is expected, will be resumed next month. Bank meetings are now being held. One chairman, talking extensively on the financial position—Reginald McKenna, formerly Chancellor of the Exchequer, now chairman of the Joint City and Midland Bank—made an especially notable utterance. Contending deflation by a high bank rate and currency contraction is impossible, he advocated a reduction of the national debt by economy of expenditure and a financial policy designed to heighten production, thus curbing credit inflation by increasing the quantity of goods.

According to the best opinion, the trade outlook here is that depression and unemployment are likely to grow worse before there is an improvement. Some, however, think that the recovery may be quick and sudden, as last year's

collapse was. Many fear a revival of Bolshevik aggression this spring. In the mean time favorable features in the situation are an improvement in the value of sterling, a large collection of revenues and evidence of considerable volumes of money available for investment.

Lending to Governments
One thing is clear. It is not desirable with a view to stimulating production for solvent governments to lend money to insolvent governments. Money now loaned to most governments is almost certainly misapplied; if loaned by another government, probably never to be repaid. Government guarantees may be essential, owing to political risks involved, but actual lending business should be carried out by private enterprise between banks and merchants, if it is really meant to stimulate production. Meantime the hope of a settlement of the problems agitating international politics has become more ardent. British and French governments are reported to be in absolute accordance as to the necessity of extorting the last farthing of German indemnity. There is little prospect of agreement as to which farthing is the last.

Protection Problem
Protectionists are already alarmed regarding the prospects of the markets being flooded by German goods. They think that the situation should be met by tariffs instead of by a reduction of the home costs of production, forgetting that tariffs are of no use in neutral markets.

So. Cal. Edison Bonds Offered
Harris, Forbes & Co., the National City Company and E. H. Rollins & Sons are offering an issue of \$5,000,000 general and refunding mortgage 6 per cent bonds of the Southern California Edison Company at 87½ and interest to yield 7.10 per cent. This company supplies electric light and power to over 150 cities and towns, including Los Angeles, and serves an area of 55,000 square miles, with a population of 1,200,000.

U. S. Reserve Banks Permitted to Grant Australian Credit

Plan to Supply Antipodean Interests With Dollar Exchange Approved by Federal Board, Says Council

At the request of banks of the system, the Federal Reserve Board has given permission to such institutions to grant acceptance credits to Australian banks to be used for the purpose of supplying Australian interests with dollar exchange, according to the latest bulletin of the American Acceptance Council.

In commenting upon this action by the Reserve Board the bulletin says: "It appears to the council that the privilege of accepting for the purpose of furnishing dollar exchange should be granted by the board wherever it can consistently be done without incurring the risk of opening wide the doors for finance drafts issued, not in anticipation of exchange ultimately to be furnished through seasonal operations (primarily crops) but for the purpose of financing the carrying of securities or speculations in foreign countries. Where, in such circumstances, banking systems exist with a well established credit and a very large borrowing power, the aggregate of drafts so drawn, on the plea of furnishing dollar exchange, might easily become so large as to be detrimental or even a menace to the accepting country. Such danger does not prevail with countries in Central and South America, the British Dominions or countries of similar character. To all such countries the board could safely grant the advantage of having their banks draw long drafts on American banks for the furnishing of dollar exchange in anticipation of seasonal movements."

The Acceptance Council points out that so far the Reserve Board has granted permission to American banks to accept, for the purpose of furnishing dollar exchange, bills drawn by banks or banking firms in the following countries: Argentina, Bolivia, Brazil, British Guiana, British Honduras, Chile, Colombia, Costa Rica, Cuba, Dutch Guiana, Ecuador, French Guiana, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Porto Rico, San Salvador, Santo Domingo, Trinidad, Uruguay and Venezuela, and Australia, New Zealand and other Australasian dependencies.

Investment Information

Questions of general interest to investors will be answered by the following: Address all inquiries, including a stamped addressed envelope, to Financial Editor, The Tribune, 155 Nassau Street, New York City.

Well Advised About Bonds
Question—Would like to invest \$1,000 in 6½ per cent bonds maturing in 1930. Have been recommended Canadian National railway equipment 7 per cent, Union Pacific equipment 7 per cent, Illinois Central equipment 7 per cent, All Telephone of Pennsylvania, Standard Oil of New Jersey. Would you advise to buy all securities listed? There are also other bonds. Can I purchase them from a bank, or is it better from a broker? Do you think the time is ripe to buy now, or wait until the newly elected President takes his office, or until the end of the year? Also advise me if it is better for me to buy 6½ per cent bonds of lower grade in the 7½. Do I gain more by buying lower grade? I never invested in bonds before but would like to have a higher rate of interest than 6 per cent in the bank, and am unable to work. I have a small investment which I could easily turn into cash in case of need.—B. M.

Answer—You have been well advised about the investment of your \$1,000. The six bonds are all well rated and readily marketable. They are the promise to pay of large, well-managed corporations of good credit. Whether to buy from a banker or a broker is a matter of convenience with you. You need not wait until Senator Harding gets into the White House. His inauguration is probably not going to lower the price of your securities and if it raised them before you placed your order you would not be so well off as you are now. On account of your impaired earning capacity we think it best for you to look to security first and disregard possible speculative gain.

Would Improve Savings Bank Return
Question—I have become quite interested lately in your information in regard to investment. I have \$500 in savings bank deposits. I would like to invest in some good, safe stock that would bring me a better income. As I am inexperienced in regard to the matter I should be very glad of your advice. Would a consideration of United States Steel be a good investment? Which would be better, or bring larger returns, the common or preferred? Do you consider General Electric a good investment? Also American Telephone and Telegraph? What is the present value of the stock of the Southern Telephone quoted at 29½? How does it mean? How can one learn the shares of bank stock are for sale?—M. S. A. M. A. G.

Answer—Steel common is too speculative for your savings, in our opinion.

The preferred is plenty safe enough, however, as are American Tobacco 6 per cent preferred and American Bank Note 6 per cent preferred (par \$50). They will yield you between 7½ and 7 per cent. American Telephone & Telegraph and General Electric are not so high grade, though entitled to good ratings. The difference between 7 and 8 per cent on your \$500 is only \$5 a year and we think you should stick to the more conservative issues for the present. Southern Pacific rights are the privilege of subscribing for \$15 a share for Pacific Oil Company stock, which is supposed to be worth about \$25. The rights on the market have been sold by stockholders, to whom they were given by the company. The stockholders not objecting to exercise them. If you wish to know if the shares of a bank are for sale, look in The Tribune under bank stocks. If you do not find the quotation there, ask the bank you have in mind. We do not think bank shares are best for your purposes. You can deal safely, we believe, with brokers who advertise in The Tribune.

Trying to Unload Carlisle Tire
Question—Can you give me the status of the Carlisle Tire Corporation? Their stock is sold to individuals in small lots, at 125 per share and a bonus of 50 per cent common stock. They are scheduled to pay 1 per cent dividends. They are putting up a new plant at Stamford, Conn., and have their tire in the near future. I have heard it lauded by their agent, but scored by a dealer. Is there a way to unload from a banker or a broker is a matter of convenience with you. You need not wait until Senator Harding gets into the White House. His inauguration is probably not going to lower the price of your securities and if it raised them before you placed your order you would not be so well off as you are now. On account of your impaired earning capacity we think it best for you to look to security first and disregard possible speculative gain.

Twin City Bonds Well Secured
Question—What is your opinion of the bonds of the Minneapolis & St. Paul Street Railway, maturing in 1928, yielding about 4½ per cent? I own some of the stock of the Twin City Rapid Transit Company but I tell me if Great Northern and Northern Pacific are good investments at the present price.—A. A. B.

Answer—The Twin City Rapid Transit, like most other traction companies, has shown decreased earnings, as compared with the pre-war period. For the last few months there appears to have been some improvement. It is our opinion that the well-managed traction companies have been through their worst period. The Minneapolis & St. Paul Railway's 5 per cent bonds, 1928,

appear to us to offer very fair investment opportunities. Many investors, however, upon the amount of their cash, would prefer to invest in the bonds. Both Great Northern and Northern Pacific are speculative. During this time, when there is so much uncertainty regarding the railroad, we do not recommend such issues for conservative investment.

Consumers' Power Bonds
Question—I would appreciate very much indeed your giving me your ideas as to the value of Consumers' Power Company general and refunding mortgage gold bonds maturing in 1928, 1930, 1932, 1934, 1936, 1938, 1940, 1942, 1944, 1946, 1948, 1950, 1952, 1954, 1956, 1958, 1960, 1962, 1964, 1966, 1968, 1970, 1972, 1974, 1976, 1978, 1980, 1982, 1984, 1986, 1988, 1990, 1992, 1994, 1996, 1998, 2000, 2002, 2004, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020. Answer—Consumers' Power Company general mortgage 7 per cent bonds appear to be safe. The company is doing well and earnings are ample to care for all charges.

Adding to High Grade Holdings
Question—I want to diversify my bond holdings by purchasing some of the New York Central refunding mortgage, 3½ per cent, is this a safe bond? What is its investment rating, as compared with the general 4 per cent and Union Pacific first 4 per cent bonds. Answer—New York Central 3½ per cent bonds are very high grade. They are entitled to the same rating as the Union Pacific first 4 per cent bonds.

Great Northern for Business Men
Question—Will you give me your opinion on Great Northern bought at 74 as a business investment. The price for the last ten years has been steadily downward. I think the dividend has always been maintained.—W. L. B.

Answer—Great Northern preferred stock (there is no common) is, in our opinion, a good investment for a business man. The company has paid dividends since 1890; 7 per cent since 1900. The only uncertainty about the stock seems to be the possibilities in the future railroad situation; that is, whether the carriers will fare well under the new rates, legislation, and wages. Railroad business has fallen off heavily in the last few weeks.

Prefers Telephone Bonds
Question—Kindly advise me as to the investing of \$1,000 or more in a good, safe investment. I have \$1,000 in Bell Telephone, Bell Telephone of Pennsylvania or the American Telephone and Telegraph of 46 or 48, which is preferable? Also, what is the standing of the Franklin Fire Insurance stock?—J. C.

Answer—All the telephone bonds you name are sound, in our opinion. There is very little to choose among them. Franklin Fire Insurance stock is a good investment for a business man.

Four full columns of investment questions and answers are published in The Tribune every Sunday.

\$10,000,000

The Ohio Power Company

First and Refunding Mortgage Series "A" 7% Sinking Fund Gold Bonds

Dated January 3, 1921 Due January 1, 1951

Coupon Bonds of \$1,000, \$500 and \$100 with provision of registration of principal. Coupon Bonds for \$1,000 and Registered Bonds interchangeable. Principal and interest payable in New York City. Interest payable January 1 and July 1.

Redeemable as a whole or in part on any interest date on 60 days' notice at 107½ and interest to and including January 1, 1926; at 106 and interest to and including January 1, 1931; at 104½ and interest to and including January 1, 1936; at 103 and interest to and including January 1, 1941; at 101½ and interest to and including January 1, 1946, and at 100½ and interest thereafter to maturity.

The Company agrees to pay interest without deduction for the United States Normal Income Tax up to 2%. The Pennsylvania Four-Mill Tax Refunded.

CENTRAL UNION TRUST COMPANY OF NEW YORK, TRUSTEE

The following information is summarized from a letter to us from Mr. R. E. Breed, President of The Ohio Power Company and of the American Gas and Electric Company:

The Company—The Ohio Power Company owns and operates large electric light and power generating and distributing systems in important manufacturing sections of Ohio, with over 1152 miles of transmission and distributing lines and serving the cities of Canton, Newark, Steubenville and the Ohio River district near Wheeling, W. Va., and over 45 cities and towns in the State. The company's main power station is at Windsor, on the Ohio River, near Wheeling, W. Va. This is one of the three largest steam generating turbine plants in the United States and has its own coal mines adjacent to the plant.

Earnings Twice Interest—In the last two years to December 31 gross earnings and net income after taxes, maintenance and depreciation have been as follows:

	1920	1919
Gross Earnings	\$7,695,842	\$5,496,765
Net Income	2,477,466	1,920,694

Annual bond interest charges accruing, on completion of the present financing, will be \$1,236,875, net income being more than twice this charge last year.

Property Values—The First and Refunding Bonds will be secured by a direct mortgage lien on the entire property of the company, conservatively appraised at over \$25,000,000. They are secured by first lien on part of this property and on the balances are subject to only \$2,617,500 prior liens outstanding under closed mortgages.

Outstanding Bonds—On completion of this financing, \$15,800,000 First and Refunding Mortgage Bonds will be outstanding.

Sinking Fund—The mortgage provides for an annual sinking fund, beginning January 1, 1924, of 1½% of the Series "A" First and Refunding Mortgage Bonds outstanding each year, up to and including January 1, 1936, and thereafter of 2% per annum to maturity. This sinking fund is to be used to purchase bonds in the market if obtainable at or under par. If not so obtainable the unexpended balance reverts to the renewal and improvement fund.

We offer these bonds when, as and if issued and subject to approval of legality by counsel. Interim Receipts of Dillon, Read & Co. or Temporary Bonds exchangeable for definitive Bonds when received will be deliverable about February 15.

Price 95¼ and Interest. To Yield about 7.40%

Dillon, Read & Co.
Formerly
Wm. A. Read & Co.

Lee, Higginson & Co. Continental and Commercial Trust & Savings Bank

\$15,000,000 The Atlantic Refining Co.

Ten-Year 6½% Gold Debentures

Dated March 1, 1922 Interest payable March 1 and September 1 Due March 1, 1931

Coupon bonds \$1,000, \$500 and \$100 denominations. Principal may be registered. Redeemable as a whole or in lots of \$500,000 or more on any interest date before maturity on 30 days' notice at 103½ and interest on or before March 1, 1922 and thereafter at one quarter per cent less for each half year or part thereof but not at less than 100%.

FREE OF NORMAL FEDERAL INCOME TAX NOT TO EXCEED 2%, AND THE PENNSYLVANIA PERSONAL PROPERTY TAX NOT TO EXCEED 4 MILLS.

THE EQUITABLE TRUST CO. OF NEW YORK, TRUSTEE

We summarize as follows from a letter dated January 20, 1922, from Mr. J. W. Van Dyke, President of the Company:

Security: Sole funded debt consists of this issue and \$61,000 of mortgages. Preliminary balance sheet of December 31, 1920, after allowance for proceeds of this issue, shows net assets in excess of \$110,900,000. An appraisal made in 1919 by Messrs. Ford, Bacon & Davis indicates a value \$25,000,000 greater, making the total valuation \$135,900,000.

Net Earnings: These have been reported as follows:

Year	Before Deducting Federal Taxes	After Deducting Federal Taxes
1916	\$9,828,000	\$9,628,000
1917	12,931,000	9,006,000
1918	19,610,000	7,410,000
1919	13,623,000	11,026,000
1920 (Partially estimated)	15,328,000	11,047,000

*Final figures after adjustment of Federal Taxes.

Net earnings before taxes in the five years ended December 31, 1920 averaged nearly 15 times annual interest on these debentures and the \$61,000 of other funded debt.

Restrictions: No subsequent funded obligations can be issued which shall have priority over these debentures, nor can the total of all funded debt exceed 50% of net assets. The Company reserves the right to issue obligations secured on marine or other transportation plant and equipment (acquired subsequent to the date of issue of these debentures) for all or part of the purchase price of such equipment and on real estate in Philadelphia acquired as a site for an office building owned by it.

Sinking Fund: Commencing March 1, 1922, \$500,000 per annum shall be paid into a sinking fund for purchases of these debentures at not over par and interest. If a sufficient amount of them cannot be purchased in the succeeding four months to exhaust the fund the unexpended balance reverts to the general funds of the Company.

Business: Organized in 1870, the Company until 1911—date of dissolution—was a constituent part of the Standard Oil Company. It owns modern refineries at Philadelphia, Franklin and Pittsburgh, Pa. and Brunswick, Ga.

This issue of debentures is offered subject to the authorization thereof by the stockholders of the Company. The legal proceedings will be passed upon by Messrs. Brown & Williams, Philadelphia, counsel for the Company and our counsel Messrs. Mr. Adv. Corbin & Franklin, New York.

Delivery between February 15th and 14th, 1922 in the form of temporary certificates of the Company discounting at the rate of 6½% per annum to March 1, 1922 and exchangeable thereafter for the definitive bonds.

Price 99¼ and interest yielding over 6.50%

Brown Brothers & Co. White, Weld & Co.
Graham, Parsons & Co. Redmond & Co.

The Equitable Trust Co. of New York

This information and these statistics are not guaranteed, but have been obtained from sources we believe to be accurate.