

**Gossip of the Street**

**BROKERS EAGERLY EXPECTANT  
OVER REPORTS THAT ALLIES  
MAY HAVE HUN ARMY TRAPPED**

Possibility of Big Victory Causes Joyous Feeling in Financial District—Outlook for Next Liberty Loan—Gossip of the Street

REPORTS of the possible "bottling up" of Germany's large forces under the Crown Prince by the American and French army, which came over the wires yesterday afternoon just before the stock markets closed and resulted in a sharp upturn in security prices, caused a joyous feeling throughout the local financial district. Although the reports have been encouraging ever since the Hun offensive was stopped and the Allied drive started, the announcement of a likelihood of an overwhelming victory aroused more interest in the situation among brokers and bankers than any developments since the first news of the counter-offensive. And, with the opening of the markets this morning, board rooms were crowded and tickers were carefully watched in the hope that more encouraging reports would be forthcoming.

For some days past it was observed that the public was not coming into the market and brokers maintained it would stay out until encouraged to come in or through some major event on the European war front. Matters which, if not the excuse, would be given as a reason for the rise and fall of prices under ordinary circumstances passed unnoticed. War news was ignored and the market went up or down without any news. Should the news of successes against the Crown Prince's army continue it will be seen how far the principal reasons for the dullness and falling off in prices for the last few days will carry weight with the sentiment behind what may prove the greatest victory of the war up to date. It will be seen if proposed drastic tax legislation or tight money will weigh against sentiment and enthusiasm.

**Ample Funds Available to Take Up Next Liberty Loan**

When speaking of the preparations being made for the next Liberty Loan and the part which banks and investment concerns will take in it, the manager of one of the largest investment houses in the city called attention to the fact that notwithstanding the enormous drafts being made by the Government on the country's reservoir of capital there still are funds available for investment where the happy combination of yield and security in proper proportions are offered.

He pointed out how within a week three important offerings have been snapped up, the time required for their distribution being calculated in hours rather than days or even weeks. It is also worth noting that the three issues referred to all returned better than 7 per cent. They were \$50,000,000 Bethlehem Steel, offered to yield 7½ to 7¾ per cent; \$10,000,000 Cudahy Packing Company, offered on a 7½ per cent basis, and \$3,000,000 Edison Electric 7 per cent notes, offered on a 7½ basis.

**Liberty-Loan Issues Bond Market's Active Features**

Liberty Loan issues continue to be by far the most active features of the New York bond market. A renewed demand for the tax-exempt 3½% has sprung up among investors, and on Wednesday the total sales of that issue on the New York Stock Exchange were only \$20,000 less than of the 4½% of 1928. In each instance the turnover was almost \$1,500,000.

Those who are specially interested in the French cities issues are gratified over the fact that they have held their recent sharp upturns except to the extent of very small fractions. The United Kingdom issues are quieter than they were last week. The trading in the French cities is on a smaller scale at the moment, although the City of Paris is continuing in good demand.

As has been forecast several times, there is every probability that the bankers who hold the greater part of the short-term notes and other loans of the Baltimore and Ohio Railroad Company that mature next week will be asked to make extension of about thirty to ninety days. At the moment it looks as though an agreement on the railroad contract was some distance off. A prominent director of the Baltimore and Ohio says that no word has come from the railroad administration with respect to the application of the board for authority to pay dividends for the present period. After the contract is signed and the dividend question is settled the directors and the bankers will be in a position to work out some comprehensive plan.

**May Curtail Wire Service to Brokers' Offices**

There was some talk in the brokers' offices yesterday over the report that when the telephone and telegraph lines were under control of the Government there would be a curtailment of the service to brokers and bankers' offices. There were no brokers in this city who were interviewed on the subject who would give the report serious consideration, although some of them were not in the least enthusiastic over the fact that the control would be under the supervision of the present Postmaster General. Several, however, said the telephone service could not be any worse than it now is, especially the long-distance service to New York, after closing hours on the stock exchange. One banker said he frequently could not get long-distance for from fifteen minutes to two hours.

It was said that from an authoritative source enough information had been secured to warrant the following forecast of the Government's general policy in the matter:

First. Rates will not be increased, because the financial condition of the companies, unlike that of the railroads, does not warrant it.

Second. Wages will be increased in about the same proportion as railroad wages were increased. Locked-out employees will be immediately reinstated—the question of pay for lost time now being before the war labor board. All wage negotiations will be through Director General Lewis.

Third. Private leased wire service not to be curtailed, but to be encouraged and more wires made available.

Fourth. Economy of operation through pooling of facilities is expected to more than offset wage increases.

Fifth. Accuracy and efficiency of service to be extended through pooling of all facilities and adoption of the most modern methods of electrical communication.

Sixth. Postoffice Department to be utilized in collection and delivery of messages at terminal points, as that is now conceded to be the weakest link in the system as now constituted.

**Standard Railroad Contract Far From Settled**

"So it seems," remarked a well-known banker yesterday, "that the standard railroad contract is far from settled and is likely to drag along for some time. It may even be taken into the courts for final adjustment. At first it was said the railroad executives were on the whole satisfied with the terms of the contract, but now it appears they have changed their minds and are on the side of the committee of seventy of the National Association of Railroad Securities Owners."

"This association," he continued, "claims to represent between six and seven billions of dollars of railroad securities at present market prices, and is made up largely of savings and other bank presidents which hold large blocks of railroad bonds and of presidents of insurance companies. I was of the opinion the draft of the contract as drawn up was very fair and that it showed a disposition on the part of the railroad administration to be fair to every one concerned; but when I read some of the objections which the committee of seventy submitted to the railroad administration for consideration it seems to me they should receive attention, and possibly the whole matter will be straightened out in short order by Director General McAdoo when he returns to Washington shortly."

"I think those who are raising objections to the contract—and they may be good, valid objections—should not set up as an argument the possibilities of conditions which are not likely to occur in actual operation of the roads while under Government control, and should bear in mind some of the organizations and reorganizations of certain roads and consolidations which were not very creditable to the authors and which were a greater menace to security values while they were going on than any possibilities which may occur during Government control."

The principal objections to the railroad standard contract made by the committee representing the National Association of Railroad Securities Owners are summarized as follows:

"The security holders will not permit their representatives, the company executives, to surrender, in the contract, all claims for damages for the destruction of their property and the diversion of traffic and loss of good will which may result from measures taken by the Government. Otherwise, among other objections, in the event of permanent Government ownership, the roads would find that for a mere rental they had signed away all claim to compensation for their good will or business or even their physical assets."

"The right of the director general, claimed in the contract, to charge the roads with maintenance expenses greatly exceeding the normal maintenance charges of the companies, and deduct these charges ahead of fixed charges or dividends, is not only contrary to the intent of the railroad control act, but would permit the director general to take away a road's entire rental, to the point where it could be thrown into bankruptcy, without redress. Even the existence of such a power, though never exercised, could not but have the worst effect on security values and on the credit stability of the country, which in turn might dangerously affect the success of future Liberty Loans."

**BUSINESS CAREER  
OF PETER FLINT**

A Story of Salesmanship by Harold Whitehead  
(Copyright, 1918)

Mr. Whitehead will answer your business questions on writing, selling, advertising, and promotion. Ask your questions clearly and give all the facts. Your correct name and address should be signed to your letter, so that we may answer you directly. Letters which are anonymous will be ignored. Answers to technical questions will be sent to you by mail. Your questions will be answered in this column. The most interesting problems of inquirers will be woven into the story of Peter Flint.

CHAPTER CL

I GUESS things are coming to a climax in that affair of Francis Graham's. All this week he has been up at the bank seeing those folks who are willing to back him on his machine.

Twice Binnen, the agent for the Swedish Company, has been to see him, and he has had two or three letters from Pillbury, of the Consolidated.

I guess he's got a good thing, all right, all right.

Here's the Consolidated, with whom he used to be breaking their necks to get him to sign out to them for a thousand in cash and \$100,000 worth of common stock. Matters which, if not the excuse, would be given as a reason for the rise and fall of prices under ordinary circumstances passed unnoticed. War news was ignored and the market went up or down without any news. Should the news of successes against the Crown Prince's army continue it will be seen how far the principal reasons for the dullness and falling off in prices for the last few days will carry weight with the sentiment behind what may prove the greatest victory of the war up to date. It will be seen if proposed drastic tax legislation or tight money will weigh against sentiment and enthusiasm.

Well, this morning Francis asked me if I could meet him in an uptown office this afternoon. Believe me, I was there with him.

He had promised to meet Pillbury and Queston, and also the attorney for the Consolidated. When we got to the office Queston and Pillbury were there before us, but we had to wait a few minutes for the lawyer.

One of these great big fellows who gets about a thousand dollars every time he says "Yes."

He came into the office as if he owned it, bursted into his seat and said sharply, "Now, gentlemen, let's get to business."

"It's this—" began Queston.

I never saw Queston so squashed before, as though that lawyer had got number one for him packed back to Queston: "Tut, tut, tut, I know the circumstances of the case. You offer Mr. Francis Graham five thousand in cash and the privilege of buying five thousand dollars' worth of preferred stock in the Consolidated, and add to that another hundred thousand dollars' worth of common stock. And Mr. Graham wants to have ten thousand dollars' worth of preferred stock and the privilege of buying as much more as he can."

"Now, Mr. Graham, on behalf of the Consolidated, and upon his behalf, my secretary, I am glad to inform you that the three issues referred to all returned better than 7 per cent. They were \$50,000,000 Bethlehem Steel, offered to yield 7½ to 7¾ per cent; \$10,000,000 Cudahy Packing Company, offered on a 7½ per cent basis, and \$3,000,000 Edison Electric 7 per cent notes, offered on a 7½ basis."

He pointed out how within a week three important offerings have been snapped up, the time required for their distribution being calculated in hours rather than days or even weeks. It is also worth noting that the three issues referred to all returned better than 7 per cent.

Those who are specially interested in the French cities issues are gratified over the fact that they have held their recent sharp upturns except to the extent of very small fractions. The United Kingdom issues are quieter than they were last week. The trading in the French cities is on a smaller scale at the moment, although the City of Paris is continuing in good demand.

As has been forecast several times, there is every probability that the bankers who hold the greater part of the short-term notes and other loans of the Baltimore and Ohio Railroad Company that mature next week will be asked to make extension of about thirty to ninety days. At the moment it looks as though an agreement on the railroad contract was some distance off. A prominent director of the Baltimore and Ohio says that no word has come from the railroad administration with respect to the application of the board for authority to pay dividends for the present period. After the contract is signed and the dividend question is settled the directors and the bankers will be in a position to work out some comprehensive plan.

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