

WALL STREET'S "ANTIQUÉ BOGIES" PUT QUIETUS ON PRESENT TRADE

Hesitation Is Not Unnatural in View of the Accumulation of Factors Directly Disturbing General Business. Nothing Lost, in Material Sense, as Result of War

New York, Jan. 18. VERY little business is passing in Wall street at the moment—a hesitation which is not unnatural in view of the accumulation of what one stock exchange member recently described as the collection of antique bogies. There has, of course, been the fear that the harbor labor trouble might assume an acute stage; the railroad situation has assumed a more and more unsettled form; manufacturers are having difficulty in obtaining assurances that their investments in raw materials designed for government war contracts will receive satisfactory consideration; labor is evincing a strong determination to stand by current impossible wage scales; general business not unnaturally is beginning to display some appreciable degree of hesitation since it is difficult to speak with confidence of a future demand for manufactured products on the basis of current costs; still higher taxes are in sight and every branch of our national activities must pay its full share.

Wall Street's Up-to-Date, Vibrant Market Factors This list of Wall street's so-called antique bogies could be expanded indefinitely. But so, too, could the list of up-to-date, vibrant market factors. Of all the great nations of the world, none has gained, in a material sense, more from the war than America. This is something which Wall street agrees upon. We have accumulated a huge debt and our Treasury must yet borrow heavily. But our net borrowings are comparatively small when considered in line with our national wealth. We have been borrowing from our own people in order that our Treasury might loan many billions to our allies. We have lost nothing in a practical sense as a result of the war.

Our casualties, in volume, are not to be mentioned in the same breath with those of Britain, France or with those of any enemy country. Our manufacturing capacity has increased many fold. Our labor has gained in skill and has not been, speaking broadly, cut down by death. We without limit have men, material and money to hold the advantages that so freely we have received. The question of getting the very best that is to be obtained out of these enviable conditions has become the problem of the day, to which the very best brains of the country, representing labor as well as capital, are giving consideration.

Tackling After-War Problems in Proper Light As to capital, almost every day presents evidence of a determined and combined effort to secure foreign markets which will permit the manufacturing activities of the country to continue in peace channels the strain which has for more than four years been identified with war. Export associations are being organized under the Webb law, which specifically exempts such associations from the provisions of the Sherman act prohibiting combinations in restraint of trade.

There appears reason to believe that this first step of relief from the Sherman act may be followed by others which will permit greater facilities through association in dealing with domestic trade. At any rate, the important point is that American bankers, shippers and business men generally are tackling the after-war problems in a proper light, and that their main point is to "get business" at home and abroad and to work out the smaller problems connected with the carrying out of this business as separate individual ones, to be adjusted on the best possible lines when the emergencies present themselves.

Large Merchant Marine as Result of War We are to have a large merchant marine as a result of the war. This is not something on which discussion may now take place, since it is to be a fact accomplished. Granting that we are to have the ships, everybody will acknowledge that by one means or another they will be operated and not be permitted to sink in the mud for lack of use. They will carry American products to foreign markets and bring back foreign materials to our own shores. How this is to be accomplished most necessarily will be left to time. All parties connected with these transactions (baring perhaps our own government) will participate in the profit which will surround them. We are in for a period of trade activity and of worldwide banking activity. In this we shall not be alone, since every other civilized country will be doing the same. It will be necessary to continue in force the real, practical advantages with which we are starting out on our new internationalism. It is no time yet to attempt to adjust completely to pre-war standards.

Banking interests are not expecting too much in the form of international trade activity. They recognize that in just so far as the United States has emerged from the war with advantages will there be necessity for keener competition by less favored nations. Britain and France are in a much worse position from the standpoint of debt burdens than America. The enemy countries are, of course, still worse off, and the question of indemnities and restitutions will make their outlook increasingly unattractive. The neutral countries—Spain, Norway, Sweden, Denmark, Holland—are rolling in wealth, just as we should have been had we not entered the war. But these countries do not figure in a large way in international trade competition, though the fact that they have gained so greatly in wealth will mean a corresponding ability to purchase luxuries and necessities which America can supply.

Distribution of Products of American Farms and Factories All this means that there is going to be a fight for trade and a fight to distribute the products of American mines, farms and factories. In the case of the American wheat farmer, the government is to guarantee a price of about \$2.20 per bushel until June, 1920, for spring and winter wheat grown in 1919. The idea, of course, was to encourage the farmer to produce enough wheat for our own people and virtually all the other peoples, on the supposition that the war was to continue a number of years. The net result would be that the Treasury is to buy, the entire crop of American wheat at about \$2.20 and then sell it to millers and to exporters at a much lower figure. In this way the Administration feels that it is keeping faith with the farmers, even though the spring wheat for which this huge price is to be obtained has not yet been placed in the ground and nothing has been done thus far to proceed with planting it. It is not surprising, therefore, that manufacturers who had stocked up with various kinds of raw materials at high prices, for the purpose of promptly filling government war contracts, should feel that they, too, have claims upon the Treasury fully as meritorious as those of the farmers. Wall street is rather skeptical as to the ability of the government to protect itself entirely against the ingenuity of the farmer. If, for instance, the government take the wheat at, say, \$2.20, and then sell it to a miller or exporter at, say, \$1.25 or \$1.50, it seems rather a difficult matter to obtain full assurance that the miller or the exporter might not permit some part of the purchase to return to the farm and be again sold at \$2.20 to the government. Certainly, Argentine wheat is sufficiently plentiful to prevent it selling abroad at anything like \$2.20 per bushel, and American exporters are not likely to pay a much higher price for the American product than that at which Argentine wheat can be obtained. There is no widespread belief, furthermore, that millers in the United States will be compelled to pay a much higher price for wheat purchased from the government than that at which they could purchase a similar grade of wheat abroad. The wheat problem of 1919-20 appears to promise interesting developments.

Supervision of Railroads Through Transportation Secretary As to the railroads, the plan which now seems to be receiving attention is for a government supervision through a Secretary of Transportation in the Cabinet over railroads operated privately. The Administration is insisting on a five-year period of operation, which is not being agreed to in any generous sense in financial or railroad circles. However, the important point is that all interests are trying to do something and all have in mind the idea of preventing distress among security holders—at the same time arranging a plan which they assert will protect the public in the form of efficient transportation facilities. Bankers opposed a five-year limit on the ground that at the end of such a protracted period it would be next to impossible to return to private operation. No one appears to be desirous of starting any great disturbance among security holders, and, in fact, there has within the last week or so been a substantial relaxation of the selling movement which followed President Wilson's request that some form of railroad legislation be enacted to bring the railroad problem to a head. It is safe to assume that no such legislation can pass the Congress which expires officially March 4. But the new Congress is certainly not more antagonistic to the railroads than the present one. Reading by the lamp of history, we have strong evidence that it is President Wilson's desire to cause a financial panic by frightening broad security holders.

GOSSIP OF THE STREET BANKERS SAY NEXT ISSUE OF WAR BONDS MUST ATTRACT INVESTORS

Financiers Do Not Believe Element of Patriotism Sufficient to Make Sale Successful, Now That Peace Is Here—"Gossip of the Street"

IN THE absence of anything more interesting, the next Liberty or Victory loan is the subject uppermost in the financial circles of this city. Bankers, brokers, laymen, every one holds the same opinion as to one point, and that is that the element of patriotism must be eliminated as a factor in the next campaign—if there is to be one. As one banker expressed it, it was not a lack of patriotism, as patriotism is always present, but it was patriotism-plus, which exists in wartime, to which the successful appeals have been made in the past and which does not exist in peacetime. As to what form the next loan should take, bankers and brokers seem to be unanimous that it must appeal to investors from a purely selfish, business standpoint to be a success. They have no doubt of its success, after a fashion, anyhow, but for a quick, satisfactory campaign the appeal must be made and based on a business standpoint. One banker said his idea was for a 4 per cent tax-free loan. This, of course, he said, would involve the conversion of the first issue of 3 1/2 per cent tax-free bonds, which carry that privilege of conversion to any government issue of a higher interest yield, and would therefore mean the selling of a 4 1/2 per cent issue. Another banker said his plan would be a 2 or 2 1/2 per cent bond which would carry a circulation privilege; that is, banks buying these bonds could take them to the Federal Reserve Bank and have currency issued in lieu of the bonds. By loaning out this currency at 2 or 2 1/2 per cent, in addition to the 2 or 2 1/2 per cent which they receive on the original bonds. This banker was not alone in his opinion by any means, and it was pointed out how well government 2s and 2 1/2s are holding up in the market, being quoted at par or a slight fraction below.

Some Favor Short-Term Issue Others suggested a five or ten year 5 per cent bond as being a purely business proposition, but they acknowledged that such an issue would in all probability depress further the Liberty Bonds now outstanding. It was particularly noted that those venturing opinions as to what they believed should be the terms of the next loan were of the opinion that the whole matter had been already decided in Washington and that any speculation on the subject is useless or worse. A few were of the opinion that a larger tax exemption—say of \$200,000 or \$300,000—might help the floating of an issue of 4 1/2 per cent bonds in a 5 per cent money market, but they remarked that such exemption could only appeal to a very limited number of investors, and what was wanted was something to appeal to the millions.

Maturing British Bonds Are Being Converted The advice given in the letter of a prominent London banker to Lee, Higginson & Co., and which appeared in this column on Tuesday last, telling the holders of the \$150,000,000 United Kingdom of Great Britain and Ireland 5 1/2 per cent notes maturing on February 1 next to exercise the option of converting them into twenty-year 5 1/2 per cent bonds of Great Britain, also tax free, has been generally followed. This is confirmed by an announcement made by J. P. Morgan & Co. to the effect that more than \$50,000,000 had been so converted, so that the amount of these notes to be paid off in cash next month would be considerably less than \$100,000,000.

Coupled with this announcement is the important notice that the British Government has waived the right to require ten days' notice of intention to convert, so that holders can convert right up to the date of maturity. In his letter mentioned above the London banker said: "It is inconceivable that the British tax-free 5 1/2 per cent twenty-year bonds should not be an excellent investment, and my opinion is that they will stand at a substantial premium." Morgan & Co. state that only \$12,700,000 had been converted up to January 2, but since then \$36,000,000 had been turned in. A local banker who was in New York in the early part of the week and who visited the offices of the conversion agent—the Bankers' Trust Company—said the rush to convert these notes was greatly in evidence. The bonds into which these notes may be converted are the only long-term obligations of the British Government which are dealt in in the American market. The bonds run for twenty years from the date of original issuance, February 1, 1917, and have no privilege of earlier redemption. The total of the bonds outstanding is a little more than the figure of about \$50,000,000 mentioned above, as some of the holders of the one-year notes, which matured on February 1 of last year, exercised their right of conversion, even though at the time they could have presented their then holdings for payment at par and purchased the notes which will mature next February at a discount in the market.

Discuss Reason for Liberty 4s Advance It was not generally known on Thursday that the reason for the advance in price and the rush to buy the 4 per cent Liberty Bonds was the news that Secretary of the Treasury Glass was to ask Congress to reopen the conversion privilege. The figures published by the Secretary, showing that more than \$1,000,000,000 of the 4s have not been converted into 4 1/2s, came in the nature of a surprise to many investment houses, while others, who claimed to be fully aware of the situation, said they were among those who brought the matter to the Secretary's attention. Some bankers claimed that the six months' period permitted for conversion was not sufficient under the circumstances, as many of the holders of these bonds were not educated up to the advantage to themselves and were more concerned in seeing the prices decline when they had been led to expect the reverse through the too enthusiastic and often badly informed four-minute speakers during the several campaigns.

There was some discussion yesterday in certain quarters concerning a report that offerings are soon to be made of new foreign loans for the Allies prior to the coming fifth Liberty or Victory Loan. The opinion was expressed that in view of the actions of the former capital-issues committee in guarding previous Liberty Loans from interference by issues from public utilities and other corporation financing, which in many instances worked a hardship, it was strange, as reported, that the Treasury Department is supposed to be friendly toward these proposed Allied loans. It was said that progress in the matter had been so far advanced that the terms had been agreed upon, which were generally ten-year, with 5 1/2 per cent. Some bankers said that unless there is a good reason advanced it will look like discrimination against this country's own concerns and favoritism toward the Allies.

It was learned yesterday that arrangements are being made for new financing by the Cuba Cane Sugar Corporation, the report being that it is planned to put out \$15,000,000 of ten-year 5 per cent notes. The company has about \$12,000,000 of floating debt, and it is thought advisable to capitalize this obligation without further delay. There is to be a meeting of the directors in the near future, at which time the matter will probably come up for active discussion. The plans calling for financing the \$5,000,000 of Hocking Valley Railway notes, which mature on February 1, are now before John Skeiton Williams, of the Federal railroad administration, the suggestion being to extend the issue for another year. Local bankers are awaiting the decision of the railroad administration authorities in Washington, and in the meantime it is impossible to make any statements as to what finally will be done in the matter.

Table with columns for PHOTOPLAYS and THEATRICALS, listing various shows and venues like ALHAMBRA, APOLLO, ARCADIA, BLUEBIRD, BROADWAY, CHESTNUT HILL, EMPRESS, FAIRMOUNT, FAMILY, 56TH ST., GREAT NORTHERN, IMPERIAL, LEADER, LIBERTY, PALACE, PRINCESS, REGENT, RIALTO, RUBY, SAVOY, STANLEY, VICTORIA.

NO SOVEREIGNTY LOSS BY LEAGUE SEEK STATUTORY R. R. RATE RULES

Taft Scouts Idea of U. S. Suffering Through Its Membership FAVORS WILSON VIEW Monroe Doctrine Would Be Extended to Entire World, He Says

Washington, Jan. 18.—The suggestion that by entering the League of Nations the United States would share sovereignty with other nations was characterized by William Howard Taft as a "bugaboo which ought not to attract the support of serious men in an address before the National Geographical Society. "What is sovereignty?" he asked. "It is the right of the people associated in government to do what they please as a government. It is the freedom of action of governments. It is the liberty of nations. It is quite analogous to the liberty of the individual. What is the desirable liberty of the individual? We describe it as liberty of the individual regulated by law. What does that mean? It means complete freedom of action of the individual, limited by such legal restrictions as will enable every other man in the same community to enjoy equal liberty. It is the impairment of the sovereignty of one individual for the benefit of all the others, so that all may enjoy equal liberty before the law. Governments and nations and peoples. They are members of the family of nations. International law is the rule which regulates their conduct, so that they may live together in peace in the world. "We do not propose to limit the freedom of action of nations by anything more than to enforce laws by anything more than the rules of international law or of decency and moral conduct and good form. "The sovereignty of every nation will be established by enabling the great and small nations to enjoy the benefits of international law without maintaining armed forces to secure their rights and prevent murder and robbery and drive off the footpads among nations. "It is to protect the sovereignty of the smaller nations and to relieve the great nations of the burden of their self-protection that the league of nations is to be formed. "To meet the criticism recently advanced by Senator Knox that the United States might be drawn into the war against its will by a majority vote of a convention of heterogeneous nations, Mr. Taft proposed that to an executive council composed of those willing to assume the responsibility of policing the league (necessarily the great Powers, charter members of the league), should be entrusted the duty of selecting and decreeing of a council of conciliation. "It is inconceivable that a majority of the executive council should not control the right to call for military execution of any particular compromise, action there is limited to cases in which there is a unanimous decision of the executive council. This council should be kept through the consent of the various governments represented. "Why should we favor international justice and the right to furnish the machinery by which justice can be declared and enforced?" asked Mr. Taft. "Far from endangering the Monroe doctrine," Mr. Taft declared, that the League of Nations is a more explicit endorsement of this doctrine to the entire world. "Instead of imperiling it, it would strengthen the Monroe doctrine, because since the violation of the principle of the league would require all the great powers to unite in the maintenance of it," he said. "Mr. Taft upheld the contention of the President Wilson that the establishment of a league of nations not only is vital to the future of the world, but that the creation of the new republics promised in the President's fourteen points.

Washington, Jan. 18.—Interests controlling American railroad properties do not expect the government to guarantee a return on their investment if the roads go back to private operation under the plan proposed to Congress by the Association of Railroad Executives. This point was emphasized before the Senate Interstate Commerce committee today by Alfred P. Thom, counsel for the executives, who said he wished to correct the general impression that the railroad managements were demanding not only the return of their lines but a guarantee of future earnings. "What we propose," said Mr. Thom, "does not amount to a guarantee, and we do not expect the government to make good for any failures in railroad management. Our proposition is simply this: "Congress should establish a statutory rule of rate-making to provide that rates shall not be only reasonable, but adequate—adequate to enable the roads to receive a reasonable return on investment and to attract new capital. "With such a rule laid down, Mr. Thom explained, the roads could be permitted to initiate rates as heretofore, subject to review by the Interstate Commerce Commission. Although he admitted there was much to be said in favor of the government railroad officials that the power to initiate rates be placed permanently in the hands of governmental bodies, he declined to favor it. The delay which inevitably follows under such a scheme, he argued, would more than nullify its other features. Mr. Thom said the free flow of investment capital into railroad development had been checked since 1910 by the declining tendency of net earnings, the rigid stock and national regulation of both revenues and operating expenses. He reviewed the earnings of the carriers from 1910 to 1916, before the United States entered the war, Mr. Thom showed, by reference to the reports of the Interstate Commerce Commission, that every year but one after 1910 up to 1916 showed much lower operating income than in 1910. In every year there was a large increase in the property investment, so that the investment was expanding, while earnings were shrinking. In but one year between 1910 and 1916 were earnings sufficient to pay interest and dividends. From 1910 to 1916 the funded debt increased \$2,200,000,000, while the stock increased only \$723,000,000; this three-fold increase in indebtedness resulting from insufficient earnings to raise new capital from the sale of stocks. In no year from 1910 to 1916 did the carriers earn on their investment as much as 5.5 per cent, a figure which the commerce commission had held less than was necessary in the public interest.

TO CLOSE SUBTREASURIES House Again Passes Measure Rejected by Senate Last Year Washington, Jan. 18.—The House adopted a provision of the legislative appropriation bill directing the Secretary of the Treasury to abolish on July 1 next the subtreasuries at Philadelphia, Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, St. Louis and San Francisco. Similar action by the House a year ago was killed by the Senate. House supporters of the plan during the debate today asserted the subtreasuries were "a needless cost to the government amounting \$5,000,000 a year. Opponents, however, contended that the institutions performed a useful service to business.

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PADEREWSKI IS PREMIER VOTES BIG STRIKE TO FREE MOONEY

Polish Leaders Agree on Distribution of Offices National Labor Congress Fixes July 4 as Date for Demonstration PLANS \$1,000,000 FUND Demands Russia and Germany Be Permitted to Work Out Their Own Destinies

Warsaw, Jan. 18.—Paderewski has reached an agreement with General Pilsudski, who will be Foreign Minister under M. Paderewski as Premier, which will permit Pilsudski to retain much of his power. The new ministry will be constituted primarily of nonpolitical experts. The new cabinet is subject to the approval of German Poland. It will convene in office until elections are held within the next fortnight. Paris, Jan. 18.—A statement given out at the headquarters of the Polish national committee here says the terms of the compromise between M. Paderewski and General Pilsudski include a definite agreement upon delegates to the Peace Conference. M. Pilsudski, president of the Polish national committee and former Polish leader in the Russian Duma, has been decided upon as delegate by both sides, it was announced.

SOLDIER SWINDLER TAKEN AS DESERTER Sentenced on Fraud Charge. He Is Turned Over to Army on Requisition Atlantic City, Jan. 18.—A rapid-fire sequence of events convinced Charles Hart, of Waltham, Mass., enlisted man and alleged swindler, whose parents are said to move in high society in the Massachusetts town, that neither wealth nor social station count for aught with Jersey justice and War Department regulations. Hart is alleged, disappeared from Camp Kendrick, Lakehurst, N. J., two weeks ago. Shortly thereafter he appeared in Pleasantville in an automobile, which he had managed to keep near him since he was called to service, and proceeded to cut a dash. He landed in the best restaurant in town, it is said, made the acquaintance of some of the "best people," found himself invited to private homes and speedily became a social favorite. Hart's troubles started when he ran over to Atlantic City and was arrested on a deserter charge. They continued when a Pleasantville garage keeper, with \$10 worth of checks, said to be worthless, swore out a warrant charging him with being a swindler. Hart was confronted with an indictment charging the obtaining of money under false pretense before Judge Ingersoll in the County court, Mays Landing yesterday morning. He entered a plea of guilty and was sentenced to serve three months.

Mt. Washington Street Railway Company First Mortgage 5s Allegheny, Bellevue and Perryville Railway Company First Mortgage 5s Brown Brothers & Co. Fourth and Chestnut Streets Philadelphia

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