

GOSSIP OF THE STREET

"Unless you have a big stack of blue chips, you have no right to play in the present fast game," said a downtown broker yesterday. "The ordinary trader has neither the necessary wherewithal, nor possesses the nerve, to sit in with such fast company as is now ruling the speculative game on the Big Board. Five and ten point fluctuations mean nothing to the powerful combination now in the saddle. You will observe in running your eye over the list there is not a stock now in the ring selling for less than \$125 a share. These violent movements are leading scores of small brokers with more high-priced stocks than they should be carrying and the enormous margins required to finance the operations are having the effect to cause money rate to climb. It is time for every one to use care and under no circumstances carry stocks of under no circumstances speculative at all unless unusually large margins are behind them.

"Little attention is paid to the lower-priced issues as pool managers of these stocks feel with attention concentrated entirely on high-priced specialties. Little following could be had at this time in their favorites. In my opinion, the advances of the last few days have been altogether too rapid to be healthy."

Steel Production Far Below Normal

Steel production has a long way to go before it reaches normal. Ingot production in September was at a rate of approximately 31,000,000 tons annually. Maximum capacity of the country is between 50,000,000 and 60,000,000 tons, but it is unlikely actual production will exceed 40,000,000 annually for a long time to come largely on account of labor shortage. This industry is going to be scarce and prices will be maintained. Profits lost in decreased production will be offset to a large extent by better prices for material. Steel manufacturers believe 1922 will be a big year in steel and that buying from the railroads will be larger than it has been in years. Traders have been buying steel shares on the belief that they will gradually return to favor.

Denver and Rio Grande

The Suto Committee has announced its plan for the reorganization of the Denver & Rio Grande Railroad. The statement, which includes a call for various classes of security holders to deposit their bonds with the American Exchange National Bank of New York, was issued by Richard Suto, of Suto Brothers & Co. The reorganization plan was developed by Samuel Untermyer, counsel for the Suto committee and the two other members of which are Lewis L. Clarke, president of the American Exchange National Bank, and William Loeb, Jr.

The Suto committee represents one faction of those interested in the fate of the Denver & Rio Grande, which is in receivership and over which there

has been waged a long contest. There are two other committees known as the Hammond and Perkins committees. The Suto committee has issued a call for security holders to withdraw their securities from these committees on the ground that the committees are not acting in the interests of the investors. One of the recommendations of Mr. Untermyer is that the Interstate Commerce Commission conduct an investigation of the whole controversy. There have been rumors that the Denver & Rio Grande would be acquired either by the Western Pacific, which connects the Denver and Rio Grande with the coast, or by the Missouri Pacific, but the Suto committee's announcement makes certain that no such action will be taken without opposition. In a letter to the Suto committee, in which he advised the reorganization plan, Samuel Untermyer charged that the Hammond and Perkins committees are working in the interest of these two railroads.

Railroads Under-Capitalized

Charges made in some quarters that American railroads are over-capitalized are refuted by the results so far attained in the work done to date. The commission of the committee on railroad securities of the Investment Bankers' Association of America presented before the annual convention at Del Monte, Calif.

The committee of which Pierpont V. Davis, vice president of the National City Company, of New York, is the chairman, emphasizes strongly the great importance of Federal valuation as an aid in the restoration of the credit standing of the railroads of the country.

The conclusions of the committee lay particular stress upon the fact that in the work done to date the commission has found general undercapitalization of railroad property investments.

From the reports of tentative valuation thus far submitted by the commission, the Davis committee states in its report, "It would appear not only that the roads are undercapitalized but that the real value is so much in excess of their outstanding capital obligations that the result must be a salutary effect on their credit."

Business Mortality Lighter

The quarterly failure statistics this year, reflecting the improved conditions in domestic business, have disclosed a progressive reduction in the commercial mortality. From 7517 defaults in the United States during the first quarter, exclusive of banking and other fiduciary suspensions, the number declined to 2867 in the second quarter and in the third quarter totaled 5038. Accompanying the decrease in number of insolvencies, the liabilities reported to R. G. Dun & Co. fell from \$218,012,365 in the first quarter to \$155,703,973 in the second quarter and to \$117,108,157 in the three months recently ended.

It therefore appears that the number of failures for the third quarter, although establishing a new maximum for the period, is 33 per cent less than the number of the first quarter, while the aggregate indebtedness is more than 46 per cent smaller. Even when comparison is made with the figures of the second quarter a substantial betterment is revealed, the third quarter's returns showing a numerical reduction of 14 per cent and a contraction of about 25 per cent in the amount in-

voled. More than this, the third quarter's liabilities are 4.8 per cent below those of the same quarter of 1921, despite the fact that 601 fewer defaults occurred in the earlier year. Thus the insolvencies in the third quarter of last year numbered 4472 for \$22,650,390 of liabilities, or an average of \$27,437 per failure. The average for the third quarter of the present year, in contrast, is \$23,286.

For nine months of 1922 defaults have numbered 18,417 and supplied a little more than \$400,000,000 of indebtedness, while statistics for a similar period of last year show 13,507 insolvencies for about \$433,400,000. Although this is a considerable expansion in both respects, recently monthly returns have disclosed a steady narrowing of the margin of increase in number of failures over last year's totals, and the number for September makes the best exhibit of any month in fully a year. The September liabilities, moreover, are also the smallest for a year past.

THE TRADER.

RIGHT TO TEACH GERMAN ARGUED IN SUPREME COURT

Ohio Law Attacked in Highest Tribunal of Land

Washington, Oct. 11.—Ohio's statute prohibiting teaching of German to pupils below the eighth grade in private and parochial schools, as assailed in cases brought by H. H. Brohning and Emil Pohl, was argued by counsel in the Supreme Court yesterday.

Whether the attack upon the constitutionality of the State statute presented a Federal issue which would give the Supreme Court jurisdiction was questioned by several members of the court with searching inquiries.

Contending it was the right of the pupil to acquire and of the teacher to impart education, counsel for Brohning and Pohl asserted that if the State Legislature in exercising its police power could prohibit the teaching of German, it could prohibit the teaching of any other language or subject.

If the State can in a compulsory education law prescribe the studies which shall be pursued, Assistant Prosecuting Attorney Thobaben, of Cuyahoga County, asserted, in presenting the case for the State of Ohio, it also can declare what shall not be pursued.

EDITORS TO MEET APRIL 21

Plan for Discussion at Dinner in Washington

Cleveland, Oct. 11.—Plans for a discussion at a dinner in Washington April 21 of the newspaper in its relation to public affairs by men of national and international prominence were made at a meeting of the Board of Directors of the American Society of Newspaper Editors yesterday. The dinner will mark the close of the annual meeting of the society, which the board voted to hold in Washington April 20 and 21.

Reports at the meeting indicated the American Society of Newspaper Editors, which was formed in New York last April, has had an encouraging growth. It has doubled its membership list and includes many of the leading editors of influential newspapers throughout the country.

Board members present were Casper S. Xoot, of the St. Louis Globe-Democrat, president of the society; H. R. Galt, of the St. Paul Dispatch; John J. Spurgeon, of the Public Ledger; George E. Miller, of the Detroit News; and L. C. Hopwood, of the Cleveland Plain Dealer.

David E. Smiley, chairman of the Evening Public Ledger, chairman of the Membership Committee, and M. H. Creager, of the Milwaukee Journal, chairman of the Committee on Syndicates and Press Services, represented their committees.

SOVIETS WIN IN SIBERIA

Vladivostok Government Troops Are Demoralized

Tokio, Oct. 11.—(By A. P.)—The forces of general Dietrich, head of the Vladivostok government are retreating, demoralized, before the onslaught of the Soviet troops of the Far Eastern Republic of Siberia, according to advices received from Vladivostok.

The campaign for control of Vladivostok as it is evacuated by the Japanese appears, from the reports, to be going against the present Vladivostok government, whose soldiers are short of rifles, although they have plenty of ammunition. On the other hand, food is said to be scarce in the ranks of the White troops of the Far Eastern Republic.

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Condensed Statement, September 30, 1922

RESOURCES	
Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	\$109,505,518.40
U. S. Government Bonds and Certificates	45,673,673.54
Public Securities	35,467,567.15
Other Securities	27,319,884.57
Loans and Bills Purchased	307,281,816.60
Real Estate Bonds and Mortgages	2,590,332.50
Foreign Exchange	11,320,326.98
Credits Granted on Acceptances	21,859,481.68
Real Estate	8,535,671.41
Accrued Interest and Accounts Receivable	10,286,779.83
	\$579,841,052.66
LIABILITIES	
Capital	\$ 25,000,000.00
Surplus Fund	15,000,000.00
Undivided Profits	2,604,509.41
	\$ 42,604,509.41
Accrued Interest Payable and Reserve for Taxes and Expenses	4,465,927.28
Due for Exchange Bought	3,792,061.20
Miscellaneous Liabilities	2,583,482.09
Acceptances—New York Office	15,807,088.48
—Foreign Offices	6,252,393.20
Outstanding Dividend Checks	651,472.50
Outstanding Treasurer's Checks	22,664,370.25
Deposits	481,219,748.25
	\$579,841,052.66

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DESIGN CONSTRUCTION APPRAISAL REPORT

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Bulletin No. 7

The Commonwealth Light & Power Company
CONSOLIDATED EARNINGS

	1917-1921	Annual Average For Five Years	Year Ended June 30, 1922
Gross Earnings	\$6,442,884.17	\$1,288,576.83	\$1,659,994.06
Operating Expense	4,509,429.06	901,885.81	1,110,114.70
Net Earnings	881,210.64	176,242.13	229,389.52

Betterments (year ended June 30, 1922) \$864,620.77
Maintenance and Depreciation " \$258,848.51

NOTE—Above figures do not include recent acquisitions in Kansas and Michigan.

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