Future Activities in Security Market in Portland to Be Big

Surplus Funds in Past Have Been Absorbed, for Most Part, in Community Development—City's Per Capita Wealth Large.

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BEFORE entering into any general discussion of this subject it is of interest to note that Portland is one of the wealthiest cities of its size in the country, from a comparative standpoint, as the following figures will indicate:

	Population 1910.	Assessed valuation 1914.
Portland	207,000	$308,000,000
New Orleans	339,000	245,000,000
Minneapolis	301,000	244,000,000
St. Paul	214,000	155,000,000
Rochester, N. Y.	218,000	215,000,000
Providence	224,000	244,000,000
Washington, D. C.	331,000	298,000,000
Denver	213,000	482,000,000

From the standpoint of taxable wealth Portland ranks fourth in this list of cities—all of greater population.

The average layman undoubtedly would assume that an excellent bond market would exist in a comparatively old, prosperous, wealthy city like Portland and that a fairly representative portion of the wealth of the community would be invested in stocks and bonds. Such is not the case, however, and while there is no way of arriving at the aggregate amount of such (local) investments, I am satisfied the sum total does not equal that of many smaller and less wealthy cities.

Surplus Profits Reinvested.

There is a logical reason for this condition of things, to some extent, from the fact that the wealth of this community has been derived largely through enhancement in value of the natural resources of the country, including land, standing timber, water power, etc., and still remains in some form of fixed capital—any increase of available liquid capital being reinvested as a rule in similar channels.

The continued growth in population and development of the surrounding country has required a constant increase in the amount of capital employed by our local business institutions. In this way active employment has been found for practically all surplus profits arising through trade and commerce. Another factor which has been lacking in the community, as far as the development of a broad and active bond market is concerned, is the absence of any large element of industrious, thrifty wage-earners, artisans, tradespeople and like classes.

We have no large bond-buying institutions such as savings banks, insurance companies, endowments, trusts, etc., nor have we, as suggested above, any large class of individual investors who systematically lay aside part of their earnings and invest the same in bonds. Investing in bonds to the average individual is a matter of education and possibly to some extent environment. A thrifty people, however, save. A saving people invest. France, Belgium and Holland are wonderful examples of thrifty, saving, bond-buying nations. For generations these people have laid aside a constantly increasing accumulation of surplus capital. Not only has this capital been laid aside for a rainy day, but invested in safe channels through which has been provided the means for world-wide development and progress.

Security Is Keynote.

A large part of the surplus funds of this community available from time to time for some form of income investment, as a rule, has been loaned on real estate mortgages, which, of course, afford an excellent investment when carefully selected. Here and there among the many may be found a few individuals who systematically invest their principal savings in good bonds, and right here it may be safely asserted that there is no form of investment that approximates all the attributes of safety, convertibility, freedom from care and certainty of income for a long period of years to be found in carefully selected "gilt-edge" bonds.

The conservative banker appreciates the necessity of building up what is termed a secondary reserve, usually in the form of a carefully selected list of high-grade bonds or similar investments, which may be quickly converted into cash in an emergency. The average professional man, merchant or business man, on the contrary, does not seem to realize the importance of gradually accumulating a reserve fund, invested in somewhat the same way, which could be used in case of emergency and which would provide a sure source of income in the event of business depression or a reduction in the earning capacity of the individual.

One of the really astonishing phases of the investment situation here in Portland is the absence of any appreciable volume of trading in local securities. Outside of our well-known "Portland improvement bond," there is hardly a bond or stock that commands ready sale or any fairly broad market. Several unsuccessful attempts have been made to establish a local stock exchange, and while it is true we have no large list of corporation or miscellaneous securities to deal in, yet a number of smaller cities, such as Columbus, O.; Louisville, Ky., etc., support well-established, fairly active stock exchanges, whose activities radiate through a very wide section. This is borne out by the fact that the securities of some of our local corporations are listed on both of the exchanges above referred to and are uniformly quoted in that market.

The average individual in Portland wishing either to buy or sell local stocks or bonds usually applies to his banker or some broker with whom he is acquainted, provided he does not know of an opportunity of dealing direct with another interested investor. There are no fixed prices or quotations obtainable, as a rule, on any given security, such business being subject largely to a question of bargain and sale and influenced probably by personal inclination of the individuals involved, irrespective of any buying or selling basis which would be established through a general market.

In many ways Portland should become a large and active bond-buying community. While, as I have already stated, property and other fixed forms of investment have practically absorbed all of the available capital of the community in the past, it is reasonable to assume that in view of the apparent uncertainty of income from real estate investment and the like through fairly long periods, many of our local investors in the future will be inclined to purchase good bonds or stocks which insure an uninterrupted income at a given rate and which form of investment is furthermore largely free from the worries and cares attendant upon the ownership, control or management of property in other forms.

OREGON STATE SCHOOL FUND.

1900..	$2,887,604.22	1912..	$9,442,700.85
1904..	4,179,747.65	1914..	8,142,789.48
1908..	5,429,920.60	1915..	8,312,341.11
1910..	8,443,709.89		

STATISTICS OF PORTLAND PUBLIC IMPROVEMENT WORK.

Number of miles of streets		1,255.2
Hard - surfaced	279.64	
Macadam and concrete	140.19	
Earth grade	266.35	
Number of miles of sewers		559.82
Number of water mains		719
Number of fire hydrants		5,002

There are 48 miles of conduits, with a capacity of 87,000,000 gallons each 24 hours.

Cost of water system	$12,000,000
Total indebtedness of water system	8,444,000
Number of arc lights overhead	2,254
Number of arc lights underground	157