

Finance, Industry and Enterprise

Edited by Joe H. Jordan

FARM LOAN BANKS PROVE WORTH TO FINANCIAL WORLD

System Has Now Taken Its Place as One of Greatest; Has About Fortieth of All Farm Loans.

OLD MORTGAGES PAID OFF But Considerable of Money Has Been Used for Permanent Improvements and New Machinery

The federal farm loan system has during the past two years taken its place among the great financial systems of the world. It now has on its books about one fortieth of all the farm loans in the United States, and because it offers an opportunity for making loans on a differential basis—giving longer time and providing for gradual payment—it has proved a valuable thing for the farmers in most parts of the country. For months during the war it offered the farmers an opportunity for making loans when many of the other great farm loan agencies were not in position to make loans except in a very limited way. It may be taken for granted, therefore, that it has helped keep down interest rates, not only for the farmers actually using it, but to most other farmers.

ADVANTAGES ARE SHOWN

The question has often been asked as to what use the farmers are making of the money borrowed through the federal farm loan system. Most people thought that about the only use made of it was to pay off old mortgages. Some people have said that it did not do the farmer or the country much good merely to shift mortgages over from one money loaning system to another, that not much is accomplished for the country by putting the federal farm loan system in the place of the old-fashioned mortgage.

There are many good arguments on the other side. The farmer who has been paying a high rate of interest and carrying the load, not only of the high rate of interest, but the commissions and second mortgages for commissions and at the same time facing the possible demand on him for a payment of the whole mortgage in five years or any other shorter period, is likely to think that it helps agriculture a great deal so far as he is concerned, when his load is made lighter and the payment of the mortgage provided for in an annual charge of 1 per cent on the loan with the privilege of payment in whole or in part at any time after five years. Under such circumstances he is able to farm with more confidence, with more ease, with more comfort, and he can use what money he can raise from year to year in developing his business. The fact is that nothing is better for the country than the refunding of every outstanding mortgage debt on long time, easy terms such as are offered by the federal farm loan system.

IMPROVEMENTS ALSO MADE

But, as a matter of fact, the farmers are not using all the money for the payment of outstanding mortgages. The federal farm loan bureau, has recently made a computation covering about \$170,000,000 of the more than \$212,000,000

In loans already made, for the purpose of finding out how much of the money borrowed was used in paying off old mortgages. The result shows that out of every \$100 borrowed through this system \$28 was used for other things than paying off old mortgages. In the district covered by the Wichita bank, \$47 out of every \$100 was used for the development of the farm, through such things as fencing, buildings, livestock, machinery, etc., and \$68 for paying off old mortgages. In the Omaha district, \$54 out of every \$100 was used for paying off old mortgages and \$46 for development of the farm.

Falling in Exchange Blamed to Bankers

London, July 13.—Explanation of the falling of the sterling exchange, offered by an American business man today, was that it is due to a ring of American bankers manipulating from New York with extensive blocks of British credit. A further drop in the sterling exchange is generally looked for.

PACIFIC COAST BANK STATEMENT

Table with columns for Clearings, Balances, and various bank categories like Portland Banks, Tacoma Banks, Seattle Banks, Spokane Banks, Los Angeles Banks.

LOCAL SECURITIES

Table listing various local securities such as Public Utility Corporation, Northwest Electric, Portland Gas, etc., with their respective prices.

Atlas Powder Dividend The regular quarterly dividend of 1 1/2 per cent on preferred capital stock of the Atlas Powder company has been declared payable August 1, 1918, to stockholders of record at the close of business on Saturday, July 13, 1918.

GERMAN DECLARES ONE HELP NEEDED BY HIS COUNTRY—MATERIALS

Raw Products, Particularly Copper, Are Asked For; Loans for Credits Requested.

By Carl D. Great Berlin, July 17.—(Delayed.)—(U. P.)—Germany wants loans for credits from America. Director Wasserman of the Deutsche bank made this clear today in an interview in which he pointed out that raw materials and food were essential if Germany was to meet the obligations of the entente and become a stable member of world society.

German bankers would not make overtures to the Americans, Wasserman said, as they did not know whom to approach, but would wait for American financiers to renew relations. "There is only one way Germany can be helped at this time," he said.

"If she can get copper and other raw materials on credit, then she can begin the task of building up her country and repaying her debts. We would want credit for as long a time as was required to produce manufactured goods. With the proceeds from half or five eighths of the raw material thus manufactured, I believe we could repay our credits."

Herr Wasserman emphasized the advisability of the entente and America taking steps by which the value of the German mark could be stabilized for a year or two.

Wasserman, who is one of Germany's leading financiers, is also a close follower of political and social affairs. I asked him, incidentally, what he thought of the socialization of Germany.

"From the political standpoint it is purely an internal question," he answered, "but from an economic standpoint it interests foreign nations. I believe Socialist political control could be accomplished, but as for actual and complete industrial socialization there is no chance at present. That will be a process of evolution. You can't force Socialism on a whole nation at one stroke."

"I do believe that if Germany were socialized at present, other countries would not deal with her. But America and the other powers need have no cause for worry from that standpoint."

W. J. Bryan is to speak at Castlebrook, Wash., July 18.—The Castlebrook Chautauqua will be held July 25 to 26. W. J. Bryan is scheduled to speak July 27.

CLARK, KENDALL & CO. INCORPORATED WITH CAPITAL OF \$100,000

Walter Kendall Becomes President, Willis K. Clark Dropping out of Concern.

Articles of incorporation have been filed for Clark, Kendall & Co., Inc., a corporation to be organized in the city of New York. The officers are Walter Kendall, president; Edgar C. Kluge, vice president; R. M. Dooly Jr., secretary and treasurer; Alan Green, assistant secretary.

Willis K. Clark and Walter Kendall formed the co-partnership of Clark, Kendall & Co. in February, 1916, with offices in the Northwestern Bank building. The firm was successful from its inception and its business grew to such an extent that it was necessary to have larger quarters and in April of this year the business was removed to the present ground floor location in the heart of Portland's financial district. The firm has dealt largely in the purchase and sale of Oregon and Idaho municipal bonds and has also been active in participating in issues of securities brought out by eastern syndicates. As correspondents of Spencer Trask & Co. of New York and Chicago it has been in a position to offer to local investors a large variety of attractive industrial and corporation bonds. The firm also represents the Mortgage-Bond company of New York, and as its agent has loaned a large amount of money on the best class of improved Portland real estate. Willis K. Clark will not be identified with the new corporation because of other business connections now pending. "I feel certain," said Mr. Clark, "that with its strong financial backing and capable personnel, the men who will direct the affairs of Clark, Kendall & Co., Inc., will be in a position to render the same efficient service to its clients that our firm has always rendered, and that the new corporation succeeds the partnership with every promise of continued success."

Ralph Schneeloch, who has been with Clark, Kendall & Co. since December, 1916, and a partner since August, 1917, has, with associates, organized the Ralph Schneeloch company with offices in the Lumbermen building. The plans of the Ralph Schneeloch company contemplate ultimately a general bond business. The immediate future, however, presents such a large field in both municipal and corporation finance that it expects to devote itself at this time more particularly to that work. The direction and guidance of municipalities and corporations in connection with their financing, and the formation of syndicates for the underwriting of issues, is the particular line of work with which Mr. Schneeloch has been identified and to which in the new organization he will be able more largely to devote himself.

LIBERTY BOND SALES

Table showing Liberty bond sales in the New York market at following prices for various denominations (100, 50, 25, 10, 5, 2 1/2).

Tax Exempt in California

Exempt from Federal Normal Income Tax

Goodyear Tire & Rubber Company of California

7% Cumulative Preferred Stock Par Value of Shares \$100

\$6,000,000

Full Paid

Non-assessable

Dividends payable quarterly on January, April, July and October 1st. Redeemable as a whole only at 105 during first five years and thereafter at 110 and accumulated dividends.

Los Angeles Trust and Savings Bank, Registrar

A Letter from President F. A. Seiberling

Dear Sirs:

I take pleasure in giving you the following information regarding the GOODYEAR TIRE & RUBBER COMPANY OF CALIFORNIA:

This Company has been incorporated under the laws of the State of California to manufacture and sell automobile, truck and motorcycle tires and tubes, tire accessories and repair materials, aeronautic supplies and mechanical rubber goods.

The established business of The Goodyear Tire & Rubber Company (of Akron, Ohio) in the States of California, Oregon, Washington, Idaho, Montana, Utah, Nevada, Wyoming, Colorado, Arizona and New Mexico and Hawaii is being turned over to it.

The sales in this territory in the year ending October 31, 1918, amounted to \$13,205,619.71. The new corporation, therefore, commences with a large business and a valuable good will.

Capitalization

The Capital Stock of the Goodyear Tire & Rubber Company of California will be authorized and outstanding as follows: Preferred Stock, Authorized \$10,000,000, Now to Be Issued \$6,000,000; Common Stock, \$10,000,000, \$3,000,000.

Purpose of Issue of Preferred Stock

The proceeds of the \$6,000,000 preferred stock, together with \$3,000,000 cash to be paid by the Akron Company as part consideration for the \$3,000,000 par value of common stock now to be issued, will be used to build a plant at Los Angeles for the manufacture of tires and other rubber products heretofore manufactured by the Akron Company, and for working capital.

Description of Plant

The parent interests of the corporation have purchased approximately 600 acres of land in the City of Los Angeles, consisting of the Ascot Park and adjoining territory. Ample area for factory purposes will be conveyed to the Company and the remainder devoted to uses allied to its business. The tire factory will have a capacity of 3000 tires a day and will employ approximately 2500 operatives.

Patents

The Goodyear Tire & Rubber Company of California will, in its manufacturing business, enjoy the use of the identical patents, formulas and trademarks used by the Akron Company and under the same terms and conditions as the Akron Company.

Business

That the value of the business turned over to the California Company by the Akron Company is very great, is demonstrated by the sales in that territory for the past nine years. These sales were for the years ending October 31st, as follows:

Table showing sales for years 1910 to 1918, ranging from \$186,700.00 to \$13,205,619.71.

Owing to war restrictions, limiting production, the increase of 1918 over 1917, was much less than if conditions had been normal. The above figures do not include any export business.

Send for circular giving further details, including comparative balance sheet and earnings statement.

Earnings

Pending the completion of the California plant, the Akron Company will supply the California Company with goods at wholesale. The net profit to be derived from the distribution of these goods by the California Company, based on last year's sales, is estimated to be over three times the dividend requirements on this issue of preferred stock. When the California plant is completed there will be added to this the manufacturing profit which now goes to the Akron Company.

Future Prospects

The California plant is being built because of the inability of the Akron Company to keep pace with the constantly increasing demand in the territory hereafter to be served by the California Company.

Preferred Stock Safeguards

By the Articles of Incorporation the nature and extent of the preference granted the preferred stock is established as follows:

The stock is non-assessable. Dividends at the rate of 7% per annum are cumulative from the date of issue. In the event of dissolution of the corporation and the distribution of its assets, the preferred stock is to have priority in the payment of dividends before the common stock receives anything.

The holders of the common stock or the corporation may redeem the preferred stock in whole or in part, at any time within five (5) years at 105 and accrued dividends and at any time after five (5) years at 110 and accrued dividends.

Until all of the preferred stock shall have been redeemed the corporation shall not have the power, without the affirmative vote or written consent of the holders of record of at least three-fourths in amount of the then outstanding preferred stock, (1) to create any lien upon said corporation's real or personal property, (2) to create any lien upon any real property, or any part thereof, for the purpose of securing an issue of bonds or debentures, or like obligations; (3) to create any mortgage upon said corporation's real property, or any part thereof, or (3) to create any unsecured indebtedness maturing later than one year from the date of issue except that this third clause shall not apply to or be deemed to include obligations given for bank credits or other forms of commercial borrowing.

The net assets, that is the total assets less all indebtedness, less not at any time be less than one and one-half times the amount of the par value of the outstanding preferred stock.

The \$4,000,000 par value of the preferred stock authorized, but not yet issued, may be issued at the pleasure of the Board of Directors of the corporation, provided that at no time shall the Common Stock of the corporation outstanding, and for which the corporation has received not less than par, be less than one share for each two shares of the Preferred issued and then to be issued.

Management

While the California corporation will operate under its own Board of Directors, the management of its business and general policy will be identical with that of the Akron Company.

The Board as at present constituted includes Messrs. Harry Chandler, President Times Publishing Co., J. C. Drake, President Los Angeles Trust and Savings Bank; H. W. O'Malley, Attorney; A. J. Bartlett, President Pacific Mutual Life Insurance Co.; J. F. Bartlett, President Security Trust and Savings Bank. Application will be made to list the preferred stock of the Goodyear Tire & Rubber Company of California on the San Francisco Stock and Bond Exchange and the Los Angeles Stock Exchange.

Fourteen Points of the Bond Business

No. 14

There Was a Time When

it seemed necessary to go east for money as large amounts of capital were needed to develop the industries or the resources of the west. Since the incorporation of trust companies and investment banking institutions, however, a way has been provided to finance western institutions and develop western lands with western money.

Every loyal-hearted westerner should feel thankful that this transition has taken place. The people of the west now know that they can finance themselves, thus KEEPING MONEY AT HOME.

Today the bond issues which are entrusted to local investment institutions for financing, work a treble benefit: home capital is put to a useful and productive purpose, the interest as well as the principal is kept at home and the needed development of the west is brought about.

Furthermore, western people know conditions in the west better than anyone else. Therefore, they are best able to judge the safety and soundness of securities based upon western cities, western land, western resources.

Let's Help Ourselves by Helping the West

Lumbermens Trust Company Lumbermens Building Fifth and Stark Half Million in Capital—Hundred Thousand in Surplus

Cyrus Peirce & Company San Francisco, Los Angeles

E. H. Rollins & Sons 411 U. S. Nat'l Bank Bldg., Portland San Francisco, Los Angeles, Denver

All statements herein are official or are based on information which we regard as reliable, and while we do not guarantee them, we believe them to be correct.