

STOCK OF NO PAR VALUE CONSIDERED BY COMMISSIONER

Dissenting Opinion Points Out Grave Danger in New Manner of Issues; Supervision Evaded.

Washington, Aug. 20.—(WASHINGTON BUREAU OF THE JOURNAL)—Issue of stock without par value, financing method growing in vogue with railroads and public utility corporations, is condemned as a step in the wrong direction by Commissioner Joseph E. Eastman of the Interstate Commerce Commission in a dissenting opinion concerning the application of the El Paso & Southwestern issue of 750,000 shares of stock without par value.

The commission granted the application. Eastman in his opinion gave vigorous expression to his belief that it is a mistake to grant permission in such cases. He particularly objected to the confusing effect of non-par value issues upon public opinion and the execution of laws for utility valuation.

"It is, I think, significant that this movement has coincided with the rapid growth of public regulation of security issues," said Commissioner Eastman. "Whether or not stock with no par value is desirable in the case of ordinary industrial enterprises I do not undertake to say, but I entertain little doubt that, so far as public service corporations are concerned, it is the manifestation of an unusual tendency subversive of the public interest."

Those who favor no par value are wont to say that par value is misleading, because par value seldom, if ever, represents correctly the actual value of the property. The theory of par value is that it represents cash or its equivalent that has been invested in the property. The trouble in the past has been that loose and perilous corporate laws have made this true merely in theory, and not in practice. Now that these laws are being corrected, we have the movement in favor of stock with no par value.

The reasons advanced for the issue of stock with no par value may briefly and fairly be summarized as a fear that the outstanding par value stock may operate as a restraint upon us in fixing the value of the property, plus a desire to be able to increase dividend payments in a less conspicuous way than is now possible.

"My conviction is that the doctrine of so-called 'value' is full of pitfalls and that the path to soundness and stability in public service corporation finance lies under private management lies instead in the recognition and protection of investment honestly and prudently made."

Under public regulation, investment in a thing definite, certain and easily ascertained. So-called "value," as the word is now used in railroad and public utility circles, is a thing of uncertainties, contradictions, artificialities, metaphysical subtleties, theories and opportunities for public plunder.

I am fully persuaded that it is desirable and in the public interest that outstanding capitalization should represent as nearly as practicable legitimate investment, and that the return upon the investment should clearly appear without disguise of any sort. We are a long distance from that now, but can at least move in the right direction. Stock without par value, in my opinion, is a step in the wrong direction and toward confusion, instability and confusion of the public mind.

TWO PART CARGOES OF GRAIN FOR PERU Two part cargoes were cleared Saturday morning for Callao in Peru. The steamship Peptia, of the General Steamship company, was the first to get away. She had on board 3100 tons (104,700 bushels) of wheat and 1147 tons of flour. The Jephia will proceed to Grays Harbor and finish with lumber.

Second of the west coast vessels was the Santa Cruz of the W. R. Grace line. She had on board 37,284 bushels of wheat and 144,221. The Santa Cruz will proceed to Puget Sound for part cargo and will finish at San Francisco.

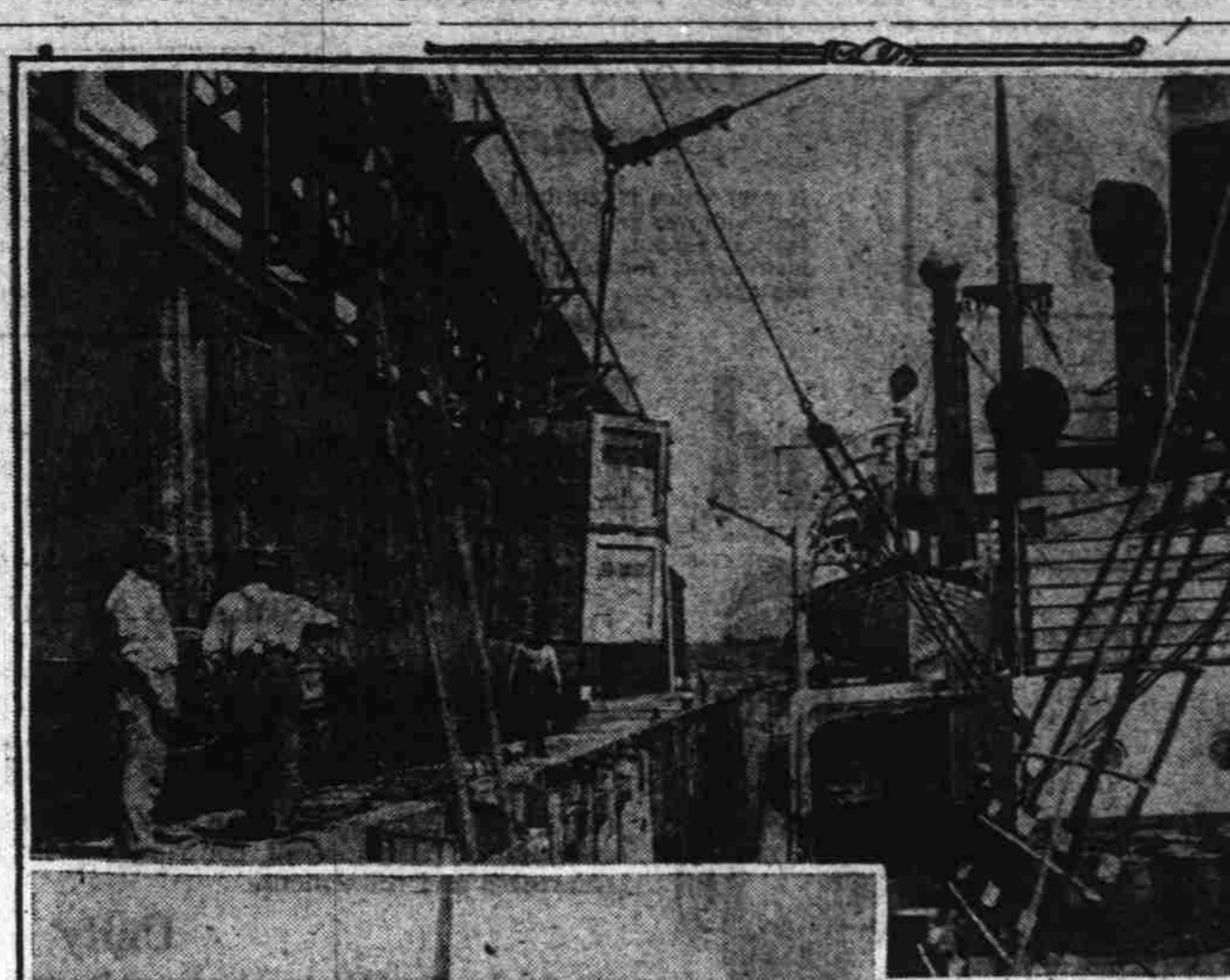
With the Toyu Kishen Kalsa running a regular service between the Orient and the west coast, the Pacific Steamship company has again on regular schedule, together with the additional charters now being made, gives the South American trade a bright outlook for the future. For a time there was no demand for either lumber or wheat, but both Peru and Chile are now in the market for all kinds of wheat, flour and lumber.

BREDDING AT GRAYS HARBOR TERMINAL TO BE RESUMED Aberdeen, Wash., Aug. 20.—Dredging at the Grays Harbor port commission terminals will be resumed the coming week, after a closure since August 10 due to a shortage of power. Skilled workmen who have been assisting in the operation of the dredge having been retained, the work of starting up will not be affected. The dredging has been going on largely near where the municipal dock is being constructed. The dredging will be completed in four or five weeks, when the work will be shifted to the lower harbor. Construction of a power line three miles long will be necessary when the lower harbor work is planned.

LINE ARRIVES FROM ORIENT 24 HOURS AHEAD OF SCHEDULE From the Orient in the general service of the Pacific Steamship company, the steamship Coaxet steamed in Saturday morning 24 hours ahead of expected arrival. The Coaxet came from North China and Japan and brought only a small quantity of general cargo and curios. A large inbound cargo was expected on the Coaxet, but the manifest did not show it. She will load for the return trip and will be ready to sail early in September.

ALL ALONG THE WATERFRONT The steamship Wapamia of the McCormick line is northbound from San Francisco for Portland with passengers and freight. She will leave here for South Salem next Thursday carrying passengers and freight.

LOADING OREGON BACON FOR EUROPE



The Multnomah county grand jury clashed with Presiding Circuit Judge Morrow Saturday when the jurors appeared in court to return indictments against Jess Boydston, charged with assault with intent to kill, and John Harding charged with assault with intent to rob, being armed with a dangerous weapon.

Judge Morrow began flaying the district attorney's office for the showman with which indictments against alleged criminals are returned.

"Well, your honor," broke in M. J. Gray, grand juror, "I don't see that it does much good to indict these fellows when you judge them right away."

NO FAITH IN PAROLE Judge Morrow told the grand jury that he didn't believe in the parole system himself, but that he didn't know how to get around it.

The grand jury appeared in court with Deputy District Attorney George Mowry, who has made a specialty of handling the district attorney's business before the grand jury for several years.

When the judge began criticizing, Mowry replied that the district attorney's office was not worried as to his criticisms, that he made every effort to hurry the cases of criminals through the grand jury's office.

Judge Morrow intimated that the district attorney's office dominated the grand jury.

"No; we judge the cases for ourselves," several of the jurors replied.

TWO INDICTED Two indictments were returned today against both Boydston and Harding. The former is alleged to have shot and killed Mrs. John Baker April 13, when jealousy over the young wife drove him mad.

Harding shot H. W. Collins, resident of Bell Station, when Collins and his wife were returning home from a party at the home of Jack Thompson and Manuel Dial.

TAX EXEMPT BONDS DRAW FIRE FROM NATIONAL LEADERS

Refuge From Super Taxes Now Sought by Men of Big Income by Investment in Municipals.

"Exemption of municipal bonds from federal income tax is not likely to continue for many years," said Robert E. Smith, president of Lumbermen Trust company yesterday.

"All revenue legislation in Washington is obliged to take into consideration the large amount of tax free securities of various kinds to which the owners of large incomes can resort to escape the super taxes. The amount that is lost to the public is very large indeed."

"Of course, it will take time to amend the constitution and any resolution to this end that might be passed by congress now would not be reflected in federal revenues for two or three years at least. The various elements in Washington seem in accord on this question."

Senator Smoot, representing the old line Republicans, has a bill to amend the constitution, and Senator Kenyon, representing the new party, the Progressives, has a similar bill supported by the senate agricultural bloc.

The idea has strong supporters among investment bankers. Association of America and the American Finance Bureau Federation has made it a part of its program. It is supported by Representative McFadden of Pennsylvania, who is chairman of a senate committee on banking and currency.

"Such an amendment to the constitution probably would not be retroactive and municipal bonds issued previous to its taking effect would enjoy full exemption privileges to maturity. It might be that this exemption would be restricted to bonds in the hands of original purchasers, because the exemption privilege would give such bonds a wide differential in value over those not exempt."

"In anticipation of the probabilities of withdrawal of the exemption privilege from tax free bonds many wealthy investors are putting their funds in municipals and are buying bonds with as long maturity as they can get. The municipal bond is the prime investment in the United States and enjoys a big advantage because of its security, convertibility and tax free income."

WHY CHANGE SOUGHT "Here is a table showing what percentage a person would have to obtain from his income of from investing in taxable securities in order to bring him on his income, subject to the maximum tax, the same return which he can get by simply investing in tax exempt bonds."

Table showing income tax percentages for various income levels. Columns include Income, Tax, and Percentage.

Opening of Deer Season Draws Many To Western Oregon Opening of the deer season in the western section of Oregon yesterday drew a larger number of nimrods to the woods than the opening of any previous season in a decade, according to advice received at the headquarters of the state game commission today from deputy game wardens in the Willamette valley and coast districts.

The passenger trains of the Southern Pacific company were virtual caravans of hunters Thursday, Friday and Saturday. A large proportion of the crowd was composed of professional men, who are taking advantage of the earlier opening date for the season this year. The sale of hunting licenses has increased greatly over the state, indicating the large number of hunters planning to go into the woods later in the season.

Beavers Win First Game With Bees at Salt Lake Today Salt Lake City, Utah, Aug. 20.—After suffering three straight defeats, the Beavers finally came to life and pounded the Bees in the first game of today's double header. The former teammates of the Beavers, Harold Polson and Buddy Kelly, were treated very roughly, they being in the first game of today's double header. The former teammates of the Beavers, Harold Polson and Buddy Kelly, were treated very roughly, they being in the first game of today's double header.

Youth Tells of Murder 'Plot' to Get Free Ride Kansas City, Mo., Aug. 20.—(I. N. S.) While police today believed they were nearer the truth in regard to the sensational statements of "Sam Harris" that he was one of four men who were to get \$25,000 for killing Mrs. Pitt Potter Stillman in New York, the youth was in jail undergoing further questioning.

Robber Is Polite to Butcher on Crutches La Grande, Aug. 20.—"I wouldn't take money from a cripple," a masked robber said to Robert Ludwig, proprietor of a meat market here, at 7:30 o'clock this morning, after asking Ludwig, who is on crutches from a recent injury to his leg, to turn all his cash over. The thief, answering the description of one of the men who held up 15 railroad men at Hillgard Thursday night, securing \$500 in cash and five gold watches, entered the store while Ludwig was alone and thrust a heavy revolver in his face.

Shop Move of Erie Line Keenly Noted New York, Aug. 20.—The move of the Erie railroad in leasing its repair shops at Marion, Ohio, and Hornell, N. Y., to private corporations which will take over the railroad work at these points, is being closely watched, both by railroad executives and labor leaders, to determine whether it will have the effect of removing the work from jurisdiction of the railroad labor bargaining members of the shop crafts from the fits of the Eech-Crumins act. Other roads, it is understood, have similar plans under consideration.

Telephone Collector Finds Woman Dead Mrs. Mary Anderson, 65 years old, was found dead in her room at 234 1/2 First street when J. L. Shaw called to collect a delinquent telephone bill. Examination by the coroner developed that she had been dead for probably two weeks. Empty bottles scattered about the floor and the condition of the body convinced the authorities that death was due to alcoholic poisoning.

Wallet Containing Valuables Is Lost A wallet containing \$100 in currency, \$1000 in postal saving certificates, \$200 in War Saving Stamps, a check for \$14 and valuable personal papers was lost by H. Harris of 1427 Wall street, who reported to the police the wallet slipped from his pocket while he was moving his personal effects to his new address.

15 HUNDRED MILLIONS IN GOLD



United States assay office, adjoining the sub-treasury in Wall street, New York, in which \$1,500,000,000 in gold, which is about one fifth of the world's gold supply, is stored.

New York, Aug. 20.—There is fifteen hundred million dollars' worth of gold in a building in Wall street. The building is the United States assay office, and there are approximately 250 tons of pure gold piled in bars and lumps in stacks of coin in the vaults. The gold in this one federal building is about one-fifth of the world's supply of the precious metal and is by far the greatest amount of gold ever gathered in one place or one city.

The flood of yellow metal that has rushed into the building since the war has come from every corner of the earth and every week this hoard of gold is increased by many millions. Almost every trans-Atlantic liner brings more of it and no one knows when the flood will recede.

All foreign coins received are melted into bars and these bars are numbered, tagged and tabulated and ready for shipment should the call come. It is estimated that the United States has one-fourth of all the gold in the world, there being about a half billion in the Denver and San Francisco mints, the treasury and the various banks of the country.

COMPANY PRAISED BY PHONE EXPERT REVISED TAX BILL PASSED BY HOUSE

Washington, Aug. 20.—(U. P.)—The American Telephone and Telegraph company is in business to give the most satisfactory service at the lowest possible cost to the greatest number of people.

This is the policy of the parent company of the great telephone system of this country as summarized this morning by C. E. Bickelaupt, telephone engineer for the company, who was on the stand as a witness in the telephone rate hearing before the public service commission.

The Pacific company was a real factor in the progress and development of this state, he insisted, and the state could not get along without it.

Girl Runs Out From Behind Truck; Car Fractures Her Leg Darting out from a party of other children who were playing about a parked bakery truck just beyond the business district of Linton Saturday, 7-year-old Mary Harago ran directly into the automobile driven by Dr. Alan Welch Smith of Portland, who was on his way to Seaside. Her left leg was fractured and her back was injured. Dr. Smith attended the child at Good Samaritan hospital, later reporting to the police. Dr. Smith, investigation showed, was traveling 13 miles an hour and had slowed up when he saw the children, driving off the roadway on the sidewalk in an effort to avoid striking the girl.

Beavers Win First Game With Bees at Salt Lake Today Salt Lake City, Utah, Aug. 20.—After suffering three straight defeats, the Beavers finally came to life and pounded the Bees in the first game of today's double header. The former teammates of the Beavers, Harold Polson and Buddy Kelly, were treated very roughly, they being in the first game of today's double header.

Murder 'Plot' to Get Free Ride Kansas City, Mo., Aug. 20.—(I. N. S.) While police today believed they were nearer the truth in regard to the sensational statements of "Sam Harris" that he was one of four men who were to get \$25,000 for killing Mrs. Pitt Potter Stillman in New York, the youth was in jail undergoing further questioning.

Robber Is Polite to Butcher on Crutches La Grande, Aug. 20.—"I wouldn't take money from a cripple," a masked robber said to Robert Ludwig, proprietor of a meat market here, at 7:30 o'clock this morning, after asking Ludwig, who is on crutches from a recent injury to his leg, to turn all his cash over. The thief, answering the description of one of the men who held up 15 railroad men at Hillgard Thursday night, securing \$500 in cash and five gold watches, entered the store while Ludwig was alone and thrust a heavy revolver in his face.

Shop Move of Erie Line Keenly Noted New York, Aug. 20.—The move of the Erie railroad in leasing its repair shops at Marion, Ohio, and Hornell, N. Y., to private corporations which will take over the railroad work at these points, is being closely watched, both by railroad executives and labor leaders, to determine whether it will have the effect of removing the work from jurisdiction of the railroad labor bargaining members of the shop crafts from the fits of the Eech-Crumins act. Other roads, it is understood, have similar plans under consideration.

Senate Confirms Johns' Nomination Washington, Aug. 20.—(U. P.)—The senate late today confirmed the nomination of Charles A. Johns of Oregon to be associate justice of the supreme court of the Philippines.

RAILROADS HAVE 'TURNED CORNER'

Chairman of Executives Hopes Roads Will Earn Half Billion This Year.

By Harold D. Jacobs United Press Staff Correspondent New York, Aug. 20.—The railroads have "turned the corner" in their financial condition, according to Thomas DeWitt Cuyler, chairman of the Association of Railway Executives.

Cuyler in a statement to the United Press today said it was hoped the carriers would show net earnings of at least half a billion dollars for this year.

"Further 'draastic reductions' in operating expenses are necessary, however, before the railroads can make any general reduction in rates, he said.

"As a result of the war and of the period of federal control, the earning power of the American railroads was practically destroyed," Cuyler declared. "Net earnings declined from approximately \$24,000,000 in 1917 to approximately \$2,500,000 in 1920.

"Development of American railroads has been at a standstill for at least five years. Naturally no industry can grow when it cannot surely pay dividends of interest to those who invest their money in it.

"My belief is that the railroads now have turned the corner. It is hoped that they will in the aggregate make net earnings of at least \$500,000,000 for the year of 1931."

Cuyler explained that such an income would be less than a 2 per cent return but would cover the total of their fixed charges.

"It will, however," he said, "require further drastic reductions in operating expenses to enable the railroads to earn a 6 per cent return and to permit any general reduction in rates."

Elk Rock Tunnel May Be Ready Nov. 1

Tunnel work is being shoved ahead so rapidly at Elk Rock that Southern Pacific Railway company officials anticipate completion of the bore by November 1, according to announcements today. With the tunnel work done new rails will be laid through the tunnel and traffic over the west side electric line will abandon the hazardous trestle around the face of the rock. Plans are expected to be placed in operation through the tunnel by the first of next year.

Seven Seek Postal Job at Vale, Or.

Washington, Aug. 20.—(WASHINGTON BUREAU OF THE JOURNAL)—The following names have filed as candidates for postmaster at Vale, Or.: Elma A. Raymond, A. Hanson Orms, Ivin S. Moody, L. B. Schroeder, Arthur S. Hilt, Thomas G. McElroy, Isaac B. Quisenberry.

Liberty Bonds

At present prices, an investment opportunity that we may not see again. We buy and sell all issues of Liberty and Victory bonds at prices based on quotations received twice daily from New York.

LADD & TILTON BANK

Oldest in the Northwest WASHINGTON AT FIELD

Western Bond & Mortgage Co.

Buy and Sell Investment Securities United States Liberty Bond issues, State, County, City, School and Foreign bonds, also First Mortgages on improved city and farm property.

Overbeck & Cooke Co.

Stocks, Bonds Cotton, Grain, Etc. DIRECT-PRIVATE WIRES TO ALL EXCHANGES Members Chicago Board of Trade Correspondents of Logan & Bryan Chicago New York 216-217 Board of Trade Building