

# Trends

War Expenditures  
Are Increasing  
Steadily.

By JOHN T. FLYNN

NEW YORK, Sept. 7.—One interesting fact emerges from the President's statement about the government's finances. It is that if we increase the national debt this year it will be due to enormous war expenditures. The President points out that there will be a large deficit. In the past we have had to borrow money to meet our deficit. This year, however, the President says we will not have to borrow a cent of the deficit. One reason is that some part of the deficit will be used to pay a part of the government debt. While that sounds like a good idea, it is not. The other reason is that the Treasury has accumulated a large cash balance. And a part of this will be used to pay the deficit.

When all this is done, while we will have a deficit of over two billion dollars, we will, according to the President, have to borrow only \$410,000,000 to take care of it.

It is the President could be induced to be a little less war-like in his military and naval preparations. Even this addition to the national debt could be wiped out.

Back in the days of Coolidge and Hoover the Democrats used to denounce the Republicans for spending so much money on the Army and Navy. But the President has yearly increased these expenditures until now we lead probably every nation in the world. The figures will interest any American interested in peace and in our finances. In the last year before the President took office our expenditures for national defense were \$667,000,000.

Last year they were, as far as is visible, \$913,000,000. I say "as far as is visible" because under the involved and confusing bookkeeping of the Treasury now, it is difficult to say what was spent on war purposes. The figure above is the minimum. But this year we are surprised that in a most amazing manner. This year the visible items amount to \$1,050,000,000.

But this is not all. Because in the estimates we find an item entitled "other public works" (national defense, public buildings, etc.). How much of this is for national defense? We can only guess. We may be certain it will run into many millions. If, therefore, the President could be persuaded to cut down his military establishment to the point at which he found it in 1933, he could save \$400,000,000 out of his budget and avoid any new borrowing this year entirely, assuming that his other estimates are correct.

The President has been increasing his naval expenditures at the rate of a hundred million a year since he came into office. This year they will be practically twice what they were in the first year of his administration. The figure for his department expenditures will be also twice those of his first year.

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## INDIA'S WHEAT CROP FALLS BELOW 1935

NEW YORK, Sept. 7.—India wheat growers this year harvested 352,240,000 bushels, compared with 363,170,000 bushels in the corresponding period last year, according to a cable from Calcutta. The area planted was 33,631,000 acres, against 34,490,000 acres in 1935, the cable stated. Although slightly below last year's crop, this year's still remained above the average for the last five years—350,465,000 bushels from an average area of 33,890,000 acres. Any harvest over 350,000,000 bushels in India is considered excellent and eight such crops have appeared within the last 15 years, the report said.

## TRUCKS SET RECORD WITH SHOW ENTRIES

CHICAGO, Sept. 7.—Eleven manufacturers of motor trucks have reserved space for the thirty-seventh annual Chicago automobile show, setting a record for numbers of exhibitors as well as amount of space reserved, according to Harry T. Hollingshead, show committee chairman. Total space contracted for amounted to 35,000 square feet, followed by Ford and Dodge. Sixteen trailer manufacturers have contracted for space, and the airplane industry is expected to enter an exhibit, Mr. Hollingshead said.

## GOLD COIN HOARDED

LOS ANGELES, Cal., Sept. 7.—Los Angeles County has decided to become an intentional violator of the Federal law forbidding the hoarding of gold. WPA workers unearthed a 54 gold piece dated 1880, while demolishing the old courthouse, built in 1886. The coin will be preserved in the county museum instead of being turned over to Secretary of the Treasury Morgenthau, as the law requires.

## 80,000 SHARES SOLD

NEW YORK, Sept. 7.—Stockholders of Brown-Forman Distillery Co. have subscribed to virtually all of the 80,000 shares of common stock recently offered for subscription through rights, company executives announced today. Only 142 shares were left to be absorbed by the underwriters syndicate. Sales volume for 1935 to date has been more than 100 per cent greater than during the similar period last year, the report said.

# Abreast of The Times on Finance

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MONDAY, SEPTEMBER 7, 1936

## RESERVE BOARD ACTS TO HALT EARNINGS DROP

Economy Possibilities Studied; Bulletin Shows 50 Per Cent Slump.

By United Press

WASHINGTON, Sept. 7.—Federal Reserve officials today considered the possibility of instituting further economy measures throughout the system as net earnings of Reserve banks for the first six months of 1936 fell more than 50 per cent compared with the same period last year.

Disclosure of increased earnings on the Federal Reserve bulletin for September showed the Reserve banks paid dividends of \$3,921,346 during the period, a decrease of \$500,000 over the same period last year but \$643,358 more than net earnings.

The biggest decrease was a \$3,000,000 drop in earnings on Federal government securities resulting from present low interest rates. Net earnings were \$7,205,946 during the six months of 1935 and only \$13,277,988 this year.

Economy Plan Initiated  
An economy plan was begun several months ago among the Reserve banks to co-ordinate their work and reduce unessential personnel in an effort to keep earnings.

Joseph A. Broderick, board member, made an extensive tour of the banks recently to confer with officials about further reductions. He is expected to discuss the situation with Board Chairman Marriner S. Eccles, when the latter returns from his vacation in Utah.

A comparison of records disclosed that expenditures for the six months in 1936 were \$15,851,658, an increase of \$966,470 over the 1935 period.

Dividend Cut Possible  
If earnings continue to fall, the board may face the alternative of cutting its present dividend rate of 6 per cent, or of curtailing expenditures otherwise it would be compelled to dip into surplus to meet the payments.

The report showed that reimbursable expenditures of Federal Reserve banks on behalf of the Treasury and other Federal agencies increased \$2,000,000 over the six months. The most important rise in earnings was \$56,000 on industrial loans.

The bulletin reported also that nearly half of the \$122,000,000 in cash paid out for the soldiers' bonus is still in circulation. The bonus bonds were issued June 15. About \$500,000,000 of them were not cashed.

## GOVERNMENT HELPS NATIONAL INCOME

Public Pay Rolls Since '29 Increasingly Important.

Times Special

NEW YORK, Sept. 7.—To an increasing degree since 1929 government has supplanted private industry as a source of income realized by individuals, according to an analysis by the National Industrial Conference Board.

Income derived from government sources, which accounted for 6.5 per cent of the total income in 1929, increased to 17.5 per cent by 1934. Sums derived from government amounted to \$6,820,000,000 in 1929 and \$35,354,000,000 in 1934, the report stated.

The meantime, income derived from industry dropped from \$73,209,000,000 in 1929 to \$41,545,000,000 in 1934, according to the analysis.

## FINANCING TOTALS EXPAND OVER 1935

NEW YORK, Sept. 7.—State and municipal financing during August amounted to \$2,753,105, against \$2,743,044 in the same month of 1935, according to the Daily Bond Buyer.

During August, PWA financing aggregated \$119,606, and RFC financing totaled \$14,134,000, as compared to \$274,000 and \$856,625, respectively, a year ago.

The first eight months' total for this year was \$746,525,078 compared to \$746,773,938 for the similar period last year, the report stated.

## ARGENTINE BUSINESS UP

NEW YORK, Sept. 7.—A sharp increase in business activity in Buenos Aires reflected in clearing house figures for the first seven months of the current year, which registered a 9 per cent gain over the corresponding period a year ago, according to a cable received today.

## The Gas That Runs the Machine



## CLIPPER SHIPS HELD TAXABLE

California Ruling Makes Planes Subject to State Law.

By United Press

SAN FRANCISCO, Sept. 7.—Pan American Airways' three trans-Pacific liners, the China, Hawaiian and Philippine Clippers, will have to avoid testing too long if they are to avoid taxation in California, according to the latest ruling of state Taxation Authorities.

Atty. Gen. U. S. Webb has ruled that the clippers are taxable in California if they are habitually at the Alameda Airport.

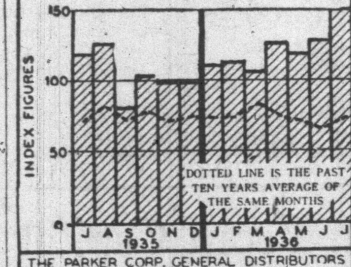
The company had demanded exemption from taxation on the grounds that the transoceanic clippers were vessels and thus exempt from taxation under a section of the state constitution.

Webb ruled, however, that clipper ships generally are regarded as seaplanes and not vessels inasmuch as most of their travel is in the air. He also expressed doubt that when California legislators in 1914 enacted the present taxation law, they regarded vessels that they were far-sighted enough to have foreseen and intentionally included trans-Pacific airplanes within the exemptions of the law.

The tax fight now hinges on the interpretation of what is meant by the word "habitual" as regards the amount of time the clippers spend at their Alameda base.

Officials of the company say the average stop of the clipper ships at Alameda between runs to the Orient is only eight days.

## Busigraphs



New machine tool orders were at the highest rate in July of any time since 1929. They passed a year ago by 25 per cent, and were twenty times the depression low.

Orders for new machine tools are coming in faster than it is possible to make shipments, partly due to the scarcity of skilled labor. Many manufacturers reported orders on hand for six months ahead. It is estimated that about 10 per cent of the machine tools are for foreign shipments.

## Fear of Government Bond Crash Held Unwarranted

Despite Apprehension, Several Factors Indicate Marked Decline Unlikely, Banker Declares.

By Charles H. Huff

Times Special Writer

NEW YORK, Sept. 7.—Fear of a tumble in United States Government bond prices has been evident in bond market gossip from time to time for more than a year. It has been recurrent with every new peak in the Federal list, and since last fall the Federal list market has made something of an all-time record for piling up a succession of new peaks.

Closely tied up with the repeated dragging forth of this ominous specter of an impending crash in Federal bond prices has been an invariable apprehensive asking of the question: "What will happen to bond prices as a whole if United States securities go into a tailspin?" There develops to be a scattered opinion that other categories of high-grade investment paper could stand upon their own merits, regardless of the destiny marketwise of the present huge crop of Federal bonds and notes that is bulging in the coffers of the nation's institutions.

Credit Supports Prices  
Most bankers and bond market authorities are willing to admit that the entire present structure of high-grade investments rests on Federal bond levels as a foundation, and those levels in turn are supported by the not yet impeached credit of the United States government.

One of the most widely recognized authorities in the investment banking fraternity in New York, conceding that a 10 per cent break in United States government bond prices would precipitate a national financial calamity.

A break of 10 per cent appears at first glance a fantastic contemplation, yet such a paring from current Federal bond levels would leave income yields still greatly narrower than they were a few years ago.

Calamity Believed Unlikely  
The same authority, however, always possible apprehension insisting that there is nothing on the horizon to indicate even an appreciable portion of a 10 per cent break—not in short order, at any rate. Banks, a principal holders of Federal securities, are not likely to make themselves instruments in undermining the market of their own holdings.

One factor pointed out as indicating the prevailing institutional attitude toward United States Government securities as steady nourishment for portfolios is the vigor with which renewed buying was staged as soon as it became apparent that the Treasury would have no additional securities to distribute in September. The market has been neglected by institutions heretofore, as a rule, only when a new flow from the Treasury was in prospect.

Any contention that corporate bond prices would stand near present peaks if Federal issues should stage a nose dive is contrary to all charted records of the past, investment bankers point out.

Under this plan, the company each January estimates the workers' annual salaries. They are budgeted into 52 weekly installments. Should the earnings of employees exceed estimates, the difference will be made up at the end of the year in an adjusted compensation.

On the other hand, should business decline and weekly payments amount to more than the fixed percentage of total output, salaries necessarily would be lowered. But Nunn explained the worker still would have his job and a pay check every week.

Adjusted compensation after the original six months of the plan's operation totaled \$7082, Nunn said. For the first six months of this year it reached approximately \$13,500. Thus, the first year of the plan's operation netted employees \$26,582 in adjusted compensation.

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## LEADERS WATCH MARKET, LABOR DEVELOPMENTS

Price Decisions Postponed; Flow of Orders Is Generally Good.

Times Special

NEW YORK, Sept. 7.—Problems of price and labor pushed to the center of the business stage this week, overshadowing the general run of favorable developments, according to the current issue of Business Week, out today.

Steel executives tabled debate on wage increases in the hope of putting off a decision on prices that might disturb the present excellent flow of orders. The wool industry took note of the move of the textile union to Lawrence, Mass., signifying intention to organize that center.

Cotton markets await the next report of the cotton drop, due shortly, with considerable anticipation, hoping it will confirm their belief of extensive damage since the August report, and therefore bolster the price structure which has been soft of late. Carpet manufacturers finally came through with a modest price increase on rugs, but the woolen goods markets were disturbed by price cuts announced on some spring lines.

Telephone Rates Cut  
In midst of price increases, the voluntary rate cut on long distance telephone calls by American Telephone and Telegraph Co. came as an off-setting move. Reduction in the public telephone bill of more than \$7,000,000 annually is expected. The cut is the seventh over a 10-year period.

Because the drought reduced feed supplies and boosted prices, farmers rushed their products to market in heavy volume in the last two months. The best July since 1929 lined farmers' pockets with \$711,000,000 of cash, plus \$24,000,000 of farm benefits.

Dividend Payments Up  
Public purchasing power is being expanded in other directions this fall, too. The effect of the undistributed earnings tax on dividend distributions was apparent in last month's payoff. Some \$334,649,487 was distributed to shareholders in August by 721 corporations, making it high month of the year and the biggest August since 1931. Ninety-seven extras and 72 increases helped swell the total.

While steel mills would like to see wage increases held off until stockholders get some return on back dividends, the chances that they will succeed in doing so appear a bit dubious. One small steel plant in Illinois posted a wage increase and a profit-sharing plan, but the industry awaits announcement from the leaders to set the pace.

Ship Building Good  
Steel mills aren't so dependent on Detroit for business these days. Shipbuilders have purchased more tonnage in the first eight months of this year than in any full year since 1930. The Navy Department added to this tonnage recently by awarding six destroyers and three submarines to private yards, plus four destroyers and two submarines to its own yards.

Electrical goods orders are pursuing a steady increase that will boost the current year's business close to, and perhaps a bit ahead of, 1930. The second-quarter volume was better than any quarter back to the second quarter of 1930. With electric power persistently setting new records, and with the industry putting a heavy strain on steam generators, the electrical industry expects to see its important utility customers come into the market with substantial orders.

SUGAR DELIVERIES ADVANCE IN PERIOD  
WASHINGTON, Sept. 7.—Total deliveries of sugar for the first seven months of the current year amounted to 3,937,352 short tons, raw sugar value, as compared with 3,921,350 short tons, raw value, during the same period last year, a report of the sugar section of the AAA said.

This report is based on consolidated statements obtained from cane refiners, beet sugar processors, importers and others, it was reported.

CHAMPION BRINGS \$504  
DES MOINES, Sept. 7.—Ralph Drake, Palo, Ia., realized \$504 from the sale of his grand champion 4-H Club baby beef at the auction culminating the annual livestock exhibit at the Iowa State Fair, it was learned today.

EVANS VOTES DIVIDEND  
DETROIT, Sept. 7.—Executives of the Evans Products Co. have announced a dividend of 25 cents a share on common stock, payable Oct. 1 to holders of record Sept. 21.

Notice to Holders of Indianapolis Water Company  
First and Second Mortgage Bonds, 4 1/2% due January 1, 1940.  
Notice is hereby given to all holders of the above mentioned Bonds, that Indianapolis Water Company has called same for redemption and payment on January 1, 1937, and has deposited with Bankers Trust Company, one of the Trustee under the Mortgage securing same, the total amount necessary to redeem and pay all of said Bonds outstanding, with a premium of 4%, together with accrued interest to said redemption date. Any holder of such Bonds, may, at the option of such holder, upon presentation and surrender of such Bonds, together with all appurtenant coupons maturing on and after January 1, 1937, at the office of the said Bankers Trust Company, 16 Wall Street, New York City, New York, receive payment, prior to said redemption date, of the principal amount of such Bonds, together with said premium and accrued interest thereon to July 1, 1936.

INDIANAPOLIS WATER COMPANY  
By ROBERT D. BUSHOWME, Treasurer.  
Dated: August 8, 1936.

U. S. Government Bonds  
Indiana Municipal Bonds  
(Only Those Payable from Unlimited Taxes)  
General Market Municipal Bonds  
THE UNION TRUST CO.  
of Indianapolis  
BOND DEPARTMENT  
120 E. MARKET  
RILEY 6397

JACKSON-EWERT, INC.  
Investment Securities  
MUNICIPAL and CORPORATION BONDS and STOCKS INVESTMENT TRUSTS  
Raymond D. Jackson  
1310 Merchants Bank Building  
Ross T. Ewert  
Telephone, Lincoln 2551

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'Airplane Sales Advance  
Sales of commercial airplanes built in the United States were 48 per cent more in the first six months of 1936 than in the corresponding 1935 period, Leighton W. Rogers, president of the Aeronautical Chamber of Commerce of America, announced.

## WRITES ON INDUSTRY



Benjamin A. Javits

## USERS OF GAS INCREASE HERE

Peak of 79,682 Meters Is Noted by Local Utility.

The all-time peak in number of gas customers in Indianapolis has been reached, with a total of 79,682 active meters as of Aug. 31, 1935, Thomas L. Kemp, general manager of the Citizens Gas & Coke Utility, announced today.

The present high mark shows an increase of 2365 meters over Aug. 31, 1935, which was nine days before the city took over the property from the former Citizens Gas Co. on Sept. 9.

Growth of the use of gas in Indianapolis is shown by a comparison with 1913 figures, when approximately 54,000 meters were being served at the time of the merger of the Citizens Gas Co. and the Indianapolis Gas Co.

"The increase in gas consumers not only shows an improvement in general business conditions, but also is evidence that the citizens of Indianapolis are supporting their municipal plant," Mr. Kemp said. "Further indication that Indianapolis housewives are taking advantage of modern gas service is shown in the fact that gas consumption increased 10 per cent in the first six months of this year over the same period in 1935."

## NEBRASKAN'S CATTLE CONSISTENTLY GOOD

Feeder Gets Top Chicago Prices 10 Times.

By United Press

MITCHELL, Neb., Sept. 7.—A tall, thin man who fattens cattle for eastern consumption has established a record over the past four years that almost every western stockman envies.

Fred M. Attebery is his name. His cattle have topped the Chicago livestock market 10 successive times, and he still had 17 more carload shipments to make when he had set that record.

In 1932 11 loads topped the market; in 1933, all but three; in 1934, 15 out of 16, and in 1935, 15 out of 19.

In one of New York's leading hotels "Attebery beef" is served. Attebery came to this rolling country of the upper North Platte Valley in Nebraska two decades ago, and has been feeding fancy heaves ever since. He prefers the big, white-faced Herefords, most popular beef cattle.

Attebery has established a reputation with the big cattle buyers in the Chicago market. They know what to expect and therefore, bid high for his stock.

## FOOD INDICATOR DOWN

NEW YORK, Sept. 7.—Continuing the decline of the preceding week, the weekly Food Index recorded a further drop of 1 cent for the week ended Sept. 1, Dun and Bradstreet reported today.

This decrease lowered the indicator to \$2.81 for the latest week against \$2.85 for the week ended Aug. 18, which was the highest mark since the early part of 1932. A year ago the corresponding level was \$2.72. The decline was general, with higher quotations noted in cocoa, eggs, potatoes and lamb.

WASHINGTON, Sept. 7.—Gold imports for the week ended Aug. 28 fell to \$17,508,322 from \$24,394,314 the preceding week, the Department of Commerce announced today. Silver imports also dropped to \$1,815,494 for the week from \$2,767,371 on Aug. 21.

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