Has It Been A Good Investment?

By J. Russell Wait
Director of the Port

Growth of Houston as a port of world-wide importance is graphically shown in the following table, showing, by years, the records of tonnage and its valuation.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>1,210,204</td>
<td>$82,301,162</td>
</tr>
<tr>
<td>1921</td>
<td>2,337,349</td>
<td>$78,963,388</td>
</tr>
<tr>
<td>1922</td>
<td>3,365,635</td>
<td>$144,272,900</td>
</tr>
<tr>
<td>1923</td>
<td>4,795,324</td>
<td>$250,643,731</td>
</tr>
<tr>
<td>1924</td>
<td>7,094,294</td>
<td>$314,356,508</td>
</tr>
<tr>
<td>1925</td>
<td>9,747,122</td>
<td>$490,006,292</td>
</tr>
<tr>
<td>1926</td>
<td>10,576,236</td>
<td>$415,578,832</td>
</tr>
<tr>
<td>1927</td>
<td>12,003,497</td>
<td>$516,129,600</td>
</tr>
<tr>
<td>1928</td>
<td>12,979,826</td>
<td>$598,726,008</td>
</tr>
<tr>
<td>1929</td>
<td>13,919,317</td>
<td>$551,412,876</td>
</tr>
<tr>
<td>1930</td>
<td>14,991,046</td>
<td>$506,998,443</td>
</tr>
<tr>
<td>1931</td>
<td>13,977,139</td>
<td>$426,533,157</td>
</tr>
<tr>
<td>1932*</td>
<td>8,162,496</td>
<td>$217,526,127</td>
</tr>
</tbody>
</table>

* First nine months.

Pictures of the Port Yesterday and Today Reveal a Marvelous Transformation

It should be timely to briefly survey the public ownership of port facilities in the Port of Houston. In the face of difficult times, the port has suffered less than any other major ports, and all good citizens want the opportunity to scrutinize the results of the investment of large sums of the public funds and the stewardship of this investment by its Port Commission.

A very recent local editorial comment on the proposed municipal ownership reads in part as follows:

"It would be very foolish for the City of Houston to acquire the company and leave its competitor, the Natural Gas Company, privately owned. The city would thus be in the absurd position of competing with the Natural Gas Company, with a duplicate gas system and at the same time, under requirement of law to give its competitor the opportunity to earn through competitive activities a fair return on its investment."

The writer is prompted by this editorial thought to remind all interested parties that public ownership in Port Houston in port facilities includes channel, railroads, wharves and docks, grain elevator and equipment, and that in the operation of all of them occur every phase of municipal ownership problems known to the writer, and the principal problem is the competition with similar facilities privately owned and operated, especially railroad and terminal facilities.

Briefly and concisely stated, the Houston investment is approximately as follows:

<table>
<thead>
<tr>
<th>Investment Item</th>
<th>Investment</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Channel</td>
<td>$7,700,000.00</td>
<td>$185,000.00</td>
</tr>
<tr>
<td>Railroads</td>
<td>2,631,000.00</td>
<td>111,550.00</td>
</tr>
<tr>
<td>Wharves and docks</td>
<td>5,061,000.00</td>
<td>253,050.00</td>
</tr>
<tr>
<td>Grain Elevator</td>
<td>2,236,000.00</td>
<td>126,800.00</td>
</tr>
<tr>
<td>Equipment and other</td>
<td>1,558,000.00</td>
<td>77,900.00</td>
</tr>
<tr>
<td>Total</td>
<td>$15,486,000.00</td>
<td>$754,100.00</td>
</tr>
</tbody>
</table>

There are two general classes of public ownership—one an exclusive and monopolistic ownership, such as a water supply, or a gas plant, or electric plant, with no competition from privately owned plants.

Second, a public ownership of a utility which is in direct competition with privately owned and operated similar utilities, such as exists in the Port of Houston in a degree not paralleled in the United States.

In the first class there can be no difficulty from an administration standpoint, because the community can determine the policy and assess whatever charges it wishes. Paying in full the costs of operation from
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**CHAMBER OF COMMERCE**

**1932**

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This magazine is edited, published and distributed monthly by the Houston Chamber of Commerce for the purpose of disseminating information with reference to the industrial, commercial and civic advantages of Houston and for the education and stimulation of civic pride of the citizens of Houston. It is the "Voice of Houston."
tolls or charges or making up operating deficits from taxation.

But, in the second class the community finds itself in a highly specialized business in direct competition with private capital invested in similar facilities and, worse still, in direct and intense competition with other ports.

It takes no imagination to picture the incessant competitive struggle. This struggle has defeated many managers of similar properties in Norfolk, Charleston, Jacksonville and Mobile, and has placed a heavy burden on the taxpayers in each of those ports, because in each port there is competition of a nature to make remunerative operation out of the question. This competition begins at railroad owned and operated terminals, all without exception operated at a loss, which is made up from line haul revenue.

No Monopoly Here

In Houston no monopoly exists and healthy competition has thrived and all because neither private or public rail-water terminals have been fixed with the necessity of meeting competition on railroad owned and operated facilities operating on a below cost basis.

It is the prayer of the writer that this competition be kept out. The community has been generous in a high degree in subscribing to the port development and the writer wishes to comment briefly on the several divisions of the investment as above set forth.

It is noted that the channel investment approximates three and three-quarter million dollars and by this investment Houston dug itself to deep sea commerce and to world trade. The fixed charge, approximating $185,000.00 per annum can only be collected under present conditions from direct taxation and in the future this total can be reduced by collecting from all vessels using the waterway a reasonable harbor fee.

No good citizen could object to the assessment of such fee which would serve to place more equitably the fixed charge on this investment.

The investment in railroads approximates two and one-quarter million dollars and covers some eighty miles of railroad. The interest charges and the annual rentals for leased property approximates $160,000.00 annually, to which must be added a perfectly definite depreciation schedule fixed by the operating contract, and which has approximated not less than $30,000.00 annually. The sum of these three items will approximate $180,000.00 annual fixed charges. Offsetting this are the earnings from the railroad which have averaged less than $50,000.00 annually for the period of the contract and which have fallen off since the advent of the motor truck.

By this investment in railroad facilities Houston has made, and is making, a very heavy and substantial contribution to the railroads and industries of Houston, but Houston cannot realize on this investment until the original purpose of the investment is accomplished, and I refer to the complete neutralization of the harbor belt zone, in which all carriers and all properties reaching deep water will be exclusively served by the publicly owned railroad and by this means all railroads and all industries will interchange at deep water on identically the same basis.

The third division of investment, namely, that in wharves and docks, exceeds five million dollars and the interest charges by the city and by the navigation district approximates one-quarter of a million dollars annually. This investment offers the best opportunity for operation at cost and also offers a definite responsibility for a business administration, because of the direct competition with privately owned similar facilities, and, furthermore, as a group, these privately and publicly owned facilities are in direct competition with publicly owned ports and privately owned ports.

At this time of world upheaval of trade conditions, Houston is the only major port in which public facilities and private facilities are approximately equal in amount and which, through cooperation of the management, are maintaining a solid front to the competitive conditions and this is being done by the Port Commission fixing a tariff which is designed to offer the finest possible terminal service on a basis of low charges, which, by virtue of the volume being handled, offers a possibility of remunerative operation.

Grain Facilities Important

The fourth division of the investment produced the grain elevator, which cost in excess of two and one-half million dollars and, in general, it offers a near monopoly in the grain business of the port and is increasingly free from competition internally in the port which might seek to force the income far below the cost of operation, but the grain elevator finds itself in direct competition with grain elevators in other Gulf ports and is also subject to the seasonal fluctuation of the grain production and the fluctuation of the export grain trade, but it is increasingly providing a basic tonnage of large proportions in the general cargo of the port, and in order to participate on a competitive basis in world shipping, it is absolutely an essential.

Investment in cranes, hoists, fire equipment, water supply and many other branches of activity which are necessary to round out the operations on the principal divisions of the investment totals in excess of one and one-half million dollars. Some of it is paying its own way, notably the crane equipment and the water supply which is used to furnish vessels and the railroad. The other, such as fire protection and special equipment needed to foster development of special commodities through the port cannot at this time be expected to pay its own way, but each is watched with a view to accomplishing the self-sustaining basis when such basis is proper.

Those charged with the administration of so great a property which is so diversified as to ramify into many phases of industrial activity and which, if improperly managed, might become a heavy public burden, must guard against serious mis-

(Continued on page 22)
America's Premier Cotton Port Carries On

During the cotton season of 1931-32 the Port of Houston broke a record of its own making by exporting 2,653,094 bales of cotton. So far as is known this is more cotton than has ever before been shipped in any one season from any American Port. It is indicative of Houston's importance, not only to the American Cotton industry, but to the cotton industry of the world. Cotton from Houston travels under the flag of every maritime nation to ports scattered all over the globe. Men and women of every race, of every creed, of every color use cotton products spun and woven from cotton which has been handled through the Port of Houston.

That is the result of Houston's dominance among American cotton ports. What is the cause? Briefly, the answer lies in the tremendous production of cotton in the Southwestern States which Houston serves as an export point, and in the fact that the Port of Houston is so splendidly equipped with facilities of every kind to handle the crop.

Complete Transportation

In first place are the railroads and highways which connect Houston with all the Southwest. In the season cotton rolls into Houston over both in a never-ending stream. Once in Houston, cotton is delivered to warehouses and compresses which have a total storage capacity of 2,250,000 high density bales. Many of these are loaded at shipsides on the turning basin or on the ship channel.

While many understand the value of the compressing feature as a part of this great cotton industry, few appreciate and realize that in Houston there are twenty-four high density compress machines capable of collectively compressing 50,000 bales of cotton during each twenty-four hour day. From this it is not hard to see, when definitely brought to one's attention, that if called upon Houston alone could compress approximately 1,500,000 bales of cotton during a thirty-day period; and, though it may sound fanciful, these same facilities could compress the entire average Texas crop through full operation over a period of approximately three months.

On the personal side, there has been built up in Houston a notable group of organizations for financing, transporting, concentrating, warehousing, insuring and merchandising the cotton of the interior. These organizations boast a highly trained personnel who render the shipper patronizing the port a personal service second to none in the country; and they are in many instances headed by the enterprising and influential men who helped to make Houston the largest American cotton port and the largest spot cotton market in the world.

Long a Cotton Center

It is customary to think of Houston's growth as having taken place since the first work on the Ship Channel in the second decade of this century, and it is true that since the channel was widened and deepened Houston has grown like a boy in his 'teens. Yet, it must be remembered that since its founding in 1836, Houston has played a part of great importance in the cotton industry of Texas. For years the State's chief cotton production came from the fertile river valley plantations which were financed and supplied by Houston merchants. Houston, in the early days, was the cotton center of Texas; and the first railroads in Texas were built to connect Houston with the river bottom plantations. It goes without saying that a large portion of the freight these railroads carried was cotton.

Cotton and Houston are inseparable companions and have been since each was young in Texas. Together they have passed through the age of adolescent growth; and now, full grown to manhood, each has taken a place of first importance in the world's affairs—the Texas crop is the largest harvested in any political sub-division in the world, and Houston is the world's largest spot cotton market!
Annual Meeting Will Present Brilliant Program

E. A. Peden has been named chairman of the Nominating Committee delegated to select candidates for election to the Chamber of Commerce board of directors. Other members of the committee who with Mr. Peden are past presidents of the Chamber of Commerce are: Col. R. C. Kuldell, J. W. Evans and D. W. Michaux. The remaining members are John T. Scott, Capt. E. H. Buckner and George B. Wilson, chairman of the Young Men's Division.

Fourteen names will be listed on the ballot and the seven receiving the largest number of votes will take the places of the retiring directors. Directors whose term of service expires this year are: C. F. Carter, J. M. Grasty, B. E. Hull, Col. R. C. Kuldell, Simon Sakowitz, K. E. Womack, H. M. Stone and Otis Van DeMark.

The ballots will be mailed to the membership October 13. They must be returned to the offices of the Chamber of Commerce on or before November 3.

Members of the Chamber of Commerce will be given an exceptional opportunity at the organization's annual meeting on November 16 to hear two of the nation's outstanding business leaders talk on business problems of the day. Members of the audience will also probably hear some predictions that will prove intensely interesting.

The speakers will be Jas. A. Farrell, recently retired president of the United States Steel Corporation and H. I. Harriman, president of the Chamber of Commerce of the United States.

It is doubtful that two men of such international prominence ever before appeared on the same program at a commercial organization meeting anywhere. The visit of these two personages, foremost in the councils of the nation's business, and the remarks they will undoubtedly make, will attract nationwide notice.

Word of Mr. Farrell's acceptance of the Houston invitation was brought to Houston by J. W. Evans, chairman of the Port Commission and a director of the United States Chamber when he returned from a recent visit to the nation's capitol. Plans are being made to take care of an anticipated application for seats that will set new records in the long history of the Houston Chamber of Commerce.

Nation's Business Leaders

Mr. Farrell recently retired as president of the United States Steel Corporation having spent his entire business career with that organization. He is probably better known throughout the world for his activities in connection with the National Foreign Trade Council, which he organized 20 years ago. Mr. Farrell has served as the council's directing head continuously since its inception.

Mr. Harriman is chairman of the board of the Northeast Power Corporation Association, Boston. He was elected chief executive of the United States Chamber of Commerce at the organization's 1932 meeting at San Francisco.

In addition to his official connections with a dozen or more large industrial and transportation corporations of New England, Mr. Harriman is the past president of the Boston Chamber of Commerce and served the federal government during the war as chairman, regional division, war industries board. He is chairman, division of metropolitan planning and president of the board of aldermen, City of Newton, Mass.

The program also will feature the announcement of the returns of the annual election of the Houston Chamber of Commerce. The posts to be filled include seven vacancies in the board of directors and a full list of officers including a president, vice-president, secretary and treasurer.
Fire Is A Murderer... Fight It!

Says RAYMOND S. MAUK
State Fire Insurance Commissioner

HOUSTON LEADS ALL TEXAS IN 1932.

Ordinarily Houstonians, as well as citizens of other cities are proud of such headlines. But this one is misleading—it is not complete—it should have read "Houston Leads All Texas in FIRE LOSSES in 1932."

Naturally it is hardly proper for a Chamber of Commerce paper to publicize in large headlines the deficiencies of its own city, but shameful realities should be "brought home" to every citizen as inconspicuously as practicable, yet at the same time in such a manner as to incite whatever action is necessary to correct them.

You have often heard it said that it is more painful to have lived in luxury and then to know poverty, than to have lived in poverty always. Houston, for the past ten to fifteen years, has enjoyed a good fire loss record, but it is fast fading away. This year is the first that Houston has ever led the other major cities in Texas in fire losses. If the losses continue for the rest of the year at the same rate they have occurred during the first eight months, the total fire loss in the City of Houston for the year 1932 will exceed the total loss of any major city in Texas for any calendar year during its entire history.

Fire losses in your city for the first eight months have already exceeded the total loss last year. This sudden increase is not the result of any particular big fire, but the monthly loss has consistently been higher. While there will always be a reasonable number of honestly accidental fires, it is illogical to assume that this precipitate change has been the result of natural causes.

We may as well face the facts. More property owners in Houston are burning, or are having their property burned, than ever before. It is the "moral hazard" that is causing the increase in fire losses. People are burning their property for profit, or for the purpose of raising ready cash. Furthermore, in view of the questionable value of most destructible property in these troublous days, there has been a growing popular tendency to let property burn through gross and wanton carelessness for then it acquires a real cash value.

Now for the moment let's forget the pecuniary loss and discuss the situation from the angle of public pride or rectitude, or, in other words, as the situation reacts on our finer and more noble sensibilities. Are you ashamed of the record? Are you willing to stand by and let the situation go from bad to worse without assuming the personal responsibility of determining whether, as an individual, you can do anything to alleviate the situation?

Let me say parenthetically, that I am fully aware of the fact that the insurance carriers and their agents can do more toward the curbing of these unnecessary losses than anyone else, but it is a physical impossibility for them to succeed without the direct aid and cooperation of the citizenship. In this discussion, however, I shall not mention the detailed responsibilities of the agents and companies, since we have other means of reaching them.

It is extremely difficult to talk "fire prevention" in specific and concrete terms to the individual as a part of the general public, and at this time I do not think it proper, nor do I feel capable of telling you how to solve your own problems. I should like to tell briefly, however, the story of my own home city, Dallas.

For the past ten to fifteen years the fire loss in that city has been excessive. The agents and companies apparently did everything within their power during that period of time to curb the excessive loss, but with very little success. Finally, the general public and the city officials became so aroused over the situation that they resolved to lend their individual assistance and they set about in a definite and positive way to gain their objective. Of course they have not reached their goal yet, but they have kept the losses from mounting during this depression, which is certainly an accomplishment. I shall not attempt to tell you the method of their attack, as I think it sufficient merely to inform you that they realized the gravity of the situation and decided to remedy it.

Houston, to a large extent, can stop the excessive fire loss whenever the citizens realize that the present loss is deplorable and decide to outlaw incendiaryism and the arsonist. You will not tolerate the murderer, why tolerate the arsonist whose activities may result in murder. You are certainly capable of dealing with and solving your own problems.

Recently a citizens committee was appointed by the Mayor at the request of the officials of the Chamber of Commerce to analyze the fire loss problem in Houston and make whatever recommendations it saw fit to the proper officials. Since its formation this committee has been very active and its work effective.

Possibly this committee's work will bring about the desired result, but it is your duty as a citizen to make it a part of your business to see that the goal is reached. If the present setup or arrangement is not adequate, then you should demand a different setup. I, personally, am extremely anxious to see Houston go back into

(Continued on page 23)
Port Investment  
(Continued from page 2)

takes and most of all must adhere to the fundamental of “equal treatment to all alike.” The Houston Port Commission is strictly adhering to its published tariff and thereby offering a stabilizing influence in the present chaotic world times when all users of the port are struggling to meet world competitive conditions and by this means is meeting the competition within the port and, more important still, is meeting the competition without the port, because in the matters

of grain elevator and certain other branches of the port activity, the Commission is, by its tariff, subsidizing certain operations within the port which must be subsidized in order to maintain the fundamental services of the port.

Opportunity for Capital

As a result of the tremendous investment herewith briefly outlined, a tremendous flow of trade has resulted—trade which offers large opportunities for private capital and private enterprise. Sometimes some of those enjoying the results and reaping the profits from the trade which has followed this enormous public investment are prone to forget that as a result of their “government in business” they have been presented with the opportunity to enter highly lucrative businesses and to enjoy the fruits of their own ingenuity, supplemented by the fruits from the public investment. When the administrators of the public property encounter such thoughtless persons, it is necessary to deal with them firmly and fairly and without fear that any influence may cause discriminations which would undermine the management and the administrators of the public property must then remind the forgetful ones of their obligations to the public interest which made the public investment possible and which produced the Port of Houston.

The Port Commission is the body of directors delivering a business administration to the Port of Houston and they serve without pay, and Houstonians have much to be proud of in the administration which the present board and the boards which have gone in the past have given to the very large public investment in port facilities.

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Houston Invention

Materials for the overhead lines of electric railways are now being manufactured in Houston by the Garrett Brass Machine Company and distributed through the Universal Specialty Company.

The materials will include new devices which are the results of experiments and designs of C. L. Greer, who for twenty years has had charge of the overhead lines of the Galveston-Houston Electric Railway. The designer of these improvements has given years of study to the question of electric railway overhead problems and for two years has been a part of the research personnel of the engineering department of American Electric Railway Association, studying problems of railway overhead lines. His experiments and findings were treated in an article which appeared in the March, 1932, issue of Electric Traction and Bus Journal, a magazine devoted to electric railway and motor transportation.

Before offering these devices to the industry they were thoroughly proved in everyday service on the Galveston-Houston line and the local street railway.

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