

# Banking and Business Affairs in the U. S.

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All other factors affecting business have been completely thrown in the background during the past week by the news from Italy and Russia. That in the face of such news, coming on top of all the unfavorable influences of the last ten years, the market did not wholly collapse and a general panic ensue may be taken as strong evidence of the remarkable soundness of the general business situation. A market that can stand up at all under such blows as have been rained upon it of late from a number of sources must be safe from anything short of the capture of London and Paris and the actual invasion of the United States by the Northern barbarians who are now partially overrunning Italy.

Opinions differ as to the general importance of the New York stock market, but there is substantial agreement that the market very often is an accurate gauge of the future course of affairs. That holders of securities were frightened by the dramatic and serious events of the week goes without saying, and yet the successive rallies show that this fright was modified by a feeling that things were far from being so bad as the news indicated.

As to Russia, not much more than the expected has happened. But this need not necessarily alter the course of the war, and may even be the herald of changes in the Russian situation for the better. True enough, the blow that fell upon Italy was regrettable from every standpoint, but the disaster on that front does not appear irretrievable. Here again, the lesson may be one of profit to the Allied Powers, leading to closer and more effective co-operation on all fronts.

The people of the United States also have had brought home to them by these recent happenings the necessity for greater and speedier preparation for a contest which must be longer than was generally expected.

Perhaps many of the foregoing considerations, either in detail or as subconscious impressions have prevented the holders of stocks and bonds from giving way entirely to the promptings of despair.

But no disposition exists to minimize the seriousness of the situation. It is already apparent that distrust has permeated circles outside the stock market, and unless military and political affairs in Europe improve before long, this distrust may continue to grow. Business, however, continues active, but a disposition exists unfavorable to pushing ahead and making fresh commitments. This, in ordinary times, would largely restrict trade, and must have some effect in that direction now. But so long as the war lasts, at least, there will be no lack of business, although there must of necessity be curtailment in many lines ordinarily active.

## LIBERTY LOAN RESULTS.

According to announcement made by the Secretary of the Treasury on November 7, subscriptions to the second Liberty Loan amounted to \$4,617,532,300. The minimum asked for was \$3,000,000,000. Of the subscriptions received it has been decided to retain all those not above \$50,000, other subscriptions to be reduced by various percentages, so that the total which the Government will retain is \$3,808,766,150, the remainder being returned to subscribers. The subscribers to the loan numbered 9,400,000—more than twice the number subscribing for the previous loan. The first loan was for \$2,000,000,000, and was oversubscribed to the extent of \$1,035,226,850, and the second loan was for \$3,000,000,000 and was oversubscribed to the extent of \$1,617,532,300. In a period of five months the Government has asked for \$5,000,000,000, and the people have offered \$7,765,000,000. Both loans were oversubscribed by more than fifty per cent.

Congress authorized a total bond issue of \$7,538,945,460, and the above figures show that the people were ready to take more than this amount.

It is estimated that about ninety-nine per cent. of subscriptions to the second loan came from persons applying for amounts from \$50 to \$50,000. The loan was therefore decidedly a popular one.

As the loan was largely oversubscribed, it is not expected that there will be a fresh offer until February or March, although this will depend upon circumstances.

It may be of interest to show the extent to which some of the larger New York banks participated in the loan, the figures representing, of course, the amounts subscribed through the institutions named:

Guarantee Trust Company . . . . .	\$111,000,000
National City Bank . . . . .	102,400,000
First National of New York . . . . .	85,865,000
National Bank of Commerce . . . . .	68,990,750
Bankers Trust Company . . . . .	67,214,300
Chase National Bank . . . . .	50,766,250
Central Trust Company . . . . .	40,027,500
Corn Exchange Bank . . . . .	35,455,100
Mechanics and Metals National . . . . .	33,784,150
Equitable Trust Company . . . . .	30,118,450
Hanover National Bank . . . . .	30,529,100
Farmers Loan and Trust Co. . . . .	26,036,750
National Park Bank . . . . .	27,021,500
New York Trust Company . . . . .	23,407,650
American Exchange National . . . . .	22,556,100
Union Trust Company . . . . .	20,106,000
Irving National Bank . . . . .	18,314,600
U. S. Mortgage and Trust Co. . . . .	16,297,700
Columbia Trust Company . . . . .	15,120,400
Chatham and Phenix National . . . . .	15,330,000
Metropolitan Bank . . . . .	13,052,750
Liberty National Bank . . . . .	10,550,000
Bank of Manhattan . . . . .	11,781,000
Bank of New York . . . . .	10,944,100
United States Trust Company . . . . .	10,115,850

The allotments of subscriptions made to the twelve Federal Reserve districts, together with the actual subscriptions and percentages of excess over allotments, are shown in the following table:

District	Total subscriptions	Percent of over subscription
Boston . . . . .	\$ 476,940,050	\$ 900,000,000 59
New York . . . . .	1,550,453,450	900,000,000 72
Philadelphia . . . . .	380,450,250	250,000,000 52
Cleveland . . . . .	486,106,800	300,000,000 62
Richmond . . . . .	201,212,500	120,000,000 68
Atlanta . . . . .	90,695,750	80,000,000 13
Chicago . . . . .	585,853,350	420,000,000 39
St. Louis . . . . .	184,280,750	120,000,000 54
Minneapolis . . . . .	140,932,650	105,000,000 34
Kansas City . . . . .	77,899,850	75,000,000 4
Dallas . . . . .	77,899,850	75,000,444 4
San Francisco . . . . .	292,671,150	210,000,000 39
Totals . . . . .	\$4,617,532,300	\$3,000,000,000 54

These figures are instructive as representing, to some extent, the differing degrees of what may be called the investing habit in various sections of the United States. It will be seen that while New York quite naturally reports the highest percentage of oversubscriptions, the Cleveland, Richmond and St. Louis districts made remarkably good showings.

It is announced that during the interim between now and the next loan a campaign of publicity will be kept up having for its object the sale of bonds to those who have not yet subscribed or to those who have taken small amounts and who may be able later on to increase their subscriptions. In this way it is expected that the banks will be relieved of a large part of their holdings of Government bonds and thus be in better shape to aid in placing subsequent loans.

## AGREEMENT BETWEEN JAPAN AND THE UNITED STATES.

In these times international events overshadow the ordinary operations of industry, trade and finance. Indeed all the activities of business are shaped very largely by international political conditions. It is hardly an exaggeration to say that the unpleasant news from Italy and Russia has been largely offset by the announcement that an agreement has at last been consummated between Japan and the United States with respect to the interests of the two countries in the Chinese Republic.

Keen observers here are of the opinion that two of the most important events in our recent history were symbolized by the laying of wreaths on the tomb of Washington by Mr. Balfour and Viscount Ishii. These ceremonials typified the union of Great Britain and Japan with the United States in bonds of co-operation and friendship which future ages will not easily break. This event means much for the countries named, and probably means a great deal more to the future of civilization itself. The practical agreement just concluded between Japan and the United States shows that the act referred to was something far transcending a sentimental ceremonial. It was symbolic of a removal of whatever of distrust had existed and a witness to the fact that hereafter these three nations are united by common ties and in-

terests. That Japan will engage in the European war in the most effective way possible is one result of the recent agreement, and another is that in so far as practicable a common economic policy with respect to the war will be followed by the United States and Japan. When the war ends, we shall no longer have to pursue a naval and military programme designed to protect our Pacific Coast from a possible Japanese invasion, and American trade and finance may be expected to co-operate with Japan in the immense development work which must be done in China.

In this co-operation, carefully planned and carried out, the world may receive an illustration of the common benefits derived from nations working together in friendly rivalry, as distinguished from a policy of jealousy and exclusive trade prerogatives.

On the surface the Japanese-American agreement might appear as a mere exchange of polite diplomatic notes, but studied in the light of recent political and financial events in the Far East it becomes, from an intensely practical standpoint and because of its influence on the future course of international trade and finance, an event of marked importance.

## VARIOUS BUSINESS AND FINANCIAL FACTORS.

Aside from the startling international developments referred to above, our domestic business situation is experiencing influences of a far-reaching tendency whose effects can not be foretold.

Conferences of financial authorities have been called to meet at Washington to decide upon the steps necessary to conserve the business interests of the country, and doubtless action will be taken that will help in easing the situation.

Next month the Inter-State Commerce Commission will pass upon the application of the railroads for an increase in rates, and if this application is granted some temporary relief will be afforded to the railroads. Labor strikes have again occurred in some establishments engaged on Government contracts, but these strikes are local rather than general, and the difficulties which they occasion have not as yet been very extensive.

November crop reports, which are conclusive for most food products, show that the farms of the United States have helped universally this year in supplying sustenance for carrying on the war. While a few of the staples are below previous years, the food crops in their entirety are probably greater in bulk than ever before. In travelling over various parts of the country, one sees little evidence of the "food shortage" of which the newspapers still speak. On the contrary, there is the usual abundance of food. Nor does the work of the Food Administration appear to have sensibly reduced the consumption of food, although the kinds of food consumed are undoubtedly undergoing a change. Very likely, in time, this will have a beneficial effect in increasing the amount of the special kinds of grain and other food products available for export to the Allies. The people generally are conforming to the food regulations, and "wheatless days" and "meatless days" are regarded rather as interesting novelties than as hardships. But careful students of the food situation throughout the world warn us that a time may not be far distant when we shall have to reduce the bulk of our food consumption and make further substitutions which may prove far less acceptable than those imposed by the present very moderate regulations.

Reference has been made in previous letters to the decline in building operations. The decline has been general throughout the country, although some sections have not as yet fallen much if any below former years. In the New England States, for example, statistics of contracts for building and engineering operations show that from January 1 to November 7 of this year the value of such contracts was \$180,165,000, compared with \$180,710,000 for the corresponding period of 1916 and \$149,084,000 for the like period of 1915. The figures for 1917 and 1916 were well above those for any year since 1901.

Taking our business situation as a whole there are plenty of reasons for confidence, but one element which tends to distrust—uncertainty as to the future. With the possibilities inherent in the Russian and Italian developments, it would be too much to expect that business could remain cheerfully unconcerned. But the Russian collapse, while recently intensified, really took place many months ago, and so far as relates to immediate effects the recent events are sensational rather than of determining influence upon the great conflict. The Italian reverses are more serious, for they represent a complete overturning of previous conditions. General Cadorna was making a brilliant offensive which gave promise of great results. That his campaign should come to the dis-

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