

Banking and Business Affairs in the U. S.

By ELMER H. YOUNGMAN, Editor Bankers' Magazine, New York.

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Naturally, the imposition of such heavy taxes as will be necessitated by participating in large-scale foreign war operations has caused some disturbance in business circles. In some lines the fear is entertained that the new taxes may approach perilously near to confiscation and render further profitable operations impossible. Whether this represents merely the painful exhibitions which are pretty sure to accompany all fresh taxation, or a genuine belief in the insupportable character of the new levies, remains to be seen. It is known, however, that the United Kingdom has, in several instances, imposed much heavier taxes than those proposed in the new War Revenue Bill without fatal effects upon the branches of business so taxed. Doubtless, after the first shock has passed away, the American business man will decide that complaining will do no good and that he might as well face the problem of producing more economically and more energetically to meet these new burdens.

In ordinary times taxes can be passed on, to some extent, from those upon whom they immediately fall to other members of the community by resorting to the simple expedient of raising the price. Under present conditions this device may not be so easy of employment, for prices themselves may come under governmental regulation.

With respect to the new taxes it is much like changes in the tariff: business halts and worries while the changes are impending, but once they are made, things go on about the same as before.

THE DEFICIENT WHEAT CROP.

Concurrently with the enormous demand on the world's food supplies comes the disquieting news in regard to the wheat crop in the United States.

The forecast, compiled by the Department of Agriculture, of conditions on May 1, puts this country's winter wheat yield at 266,000,000 bushels, the smallest in thirteen years. There will be no estimate of spring wheat acreage until July, but with a crop of 250,000,000 bushels, which is higher than the average, this country would grow this year a total of only 616,000,000 bushels. The normal American consumption, with seed requirements, is put at slightly more than 600,000,000 bushels, so that the outlook is for a crop barely large enough to meet domestic requirements, leaving no surplus for exportation. To what extent this serious situation may be relieved by later improvement in crop conditions, by economy in the use of grain, and by substitution of other cereals in place of wheat, can only be conjectured at this time. But it is certain, making due allowance for all these factors, that the situation is bad enough. Wheat and flour have been mounting in price within the last few weeks, and apparently the end of the advance is not yet in sight. Undoubtedly, the country must soon use a larger percentage of the wheat kernel in making flour, possibly resorting to entire wheat bread, and very likely to the use of maize and rye as substitutes for wheat in the manufacture of flour and meal for bread. In the near future the Government may be expected to take this matter in hand and to put into effect measures which, while not bringing about an actual increase in the supply of wheat, will virtually have that effect by reducing the demand upon that grain for bread-making purposes. In the opinion of many this will prove a public benefit, for the consumption of white bread is not looked on with favor by some food experts.

There does not appear as yet any disposition on the part of the people voluntarily to reduce their consumption of white flour, and as habits in regard to food are apt to remain fixed, even in the face of increased cost, not much change in this respect can be looked for until compulsory regulations are put into effect by the Government.

FLOATING THE NEW LOAN.

Progress in placing the \$2,000,000,000 Liberty Loan has been somewhat less rapid than expected from the rush to make initial subscriptions. Probably the loan was prematurely announced before the Treasury had fully decided on all the details. Now that these have been settled, subscriptions are coming in with greater speed. Of the ultimate success of the loan there is, of course, no doubt whatever. Not only will the first \$2,000,000,000 be taken, but the investing public, including banks, trust companies, etc., will later absorb all other offerings that may be necessary to provide funds for carrying on the war. Before the end is reached it is not unlikely that a higher

rate than the 3½ per cent. which the initial offering carried may be necessary.

War financing is sure to have a far-reaching influence on the American investment market. Many people who have heretofore thought little or nothing about the desirability of becoming investors will have the matter brought to their attention in a forceful manner by the extensive publicity being given to the Liberty Loan. From investing in a Government bond as a matter of patriotism to buying a railway or industrial bond as a matter of profit is not a very long step, and one which many persons are sure to take. Indeed, it will become increasingly necessary from now on that the investment absorption power of the people shall be enlarged. We have tremendous domestic loans to place, foreign loans of large volume, and the needs of the railways and industries of the country must be cared for. The people must save more, and they must put their savings into bonds to be regarded as fixed investments, not to be converted into cash and used in buying luxuries or in taking pleasure trips, as has been the case too often with savings temporarily accumulated in the saving banks.

THE FOREIGN TRADE.

Reports of the country's foreign trade for the month of March and for the nine months, made public on May 10th, show that for March the imports were \$270,218,139, which compares with \$213,589,785 for March, 1916. For the nine months ended with March of this year the imports were \$1,818,953,116, which compares with \$1,504,662,718 for the nine months of the corresponding period of 1916. Turning to the exports it is found that the total for March was \$553,988,239, as against \$410,742,084 for March of last year, while for the nine months ended with March, 1917, the total was \$4,636,981,785, as compared with \$2,995,424,560 for the nine months ending with March, 1916.

It must be evident from these figures that, however destructive of ocean-carrying commerce the submarine warfare may prove, it has not yet had the effect of seriously curtailing the foreign trade of the United States. Foreign trade figures are sometimes decep-

tive, particularly in times like these when prices are subject to such rapid and marked advances; but the tremendous additions to our volume of exports can be accounted for only to a small extent by the rise in prices. The fact is that we are selling more goods abroad despite the growth of the submarine campaign. And not only are we selling more goods abroad, but these sales are going in increased volume to Europe, as may be seen from these figures: Exports to Europe, March, 1917, \$553,988,239; March, 1916, \$410,742,084; nine months, March, 1917, \$4,636,981,785; nine months, ending March, 1916, \$2,995,424,560.

For the past week bank clearings were larger than they were for the previous week and for the corresponding week of 1916, so it does not appear, from this index, that business is falling off. Some reports from important trading centres, however, speak of a diminished inquiry for goods. Prices of many standard stocks have declined of late, due to some extent to the large calls on the money market for Government financing. When these requirements are more fully provided for, it is not improbable that funds will be more freely available for customary lending operations — not that there is any present scarcity of credit, but perhaps it may be defined as a waiting period while vast operations are being undertaken in the money market on Government account. We are clearly enough in a time of some uncertainty, and while there is no lack of prediction in regard to the future of business, predictions are something very different from actualities. What these may prove can not be seen until the Government begins some of the operations which at present are only in a tentative stage.

Legislation has been up in Congress recently that will add to the possible lending facilities of the banks, so that there should be no lack of bank credit for purposes of production and exchange.

Prospects of enforced economies are having some effect on buying, as merchants are disposed to curtail their purchases in the face of a possible falling off in the demand for goods. In time it will become clearer just what will be the extent of these economies and what particular lines of trade will be affected. At present, however, there are no definite indications where the curtailment will fall and what its extent will be. This means uncertainty, which is not a favorable business factor.

Twenty-Three Per Cent Winter Wheat Killed

Nine Per Cent of the Area Sown in Hay and Clover Has Been Winter Killed

HAY AND CLOVER CROPS.

Owing to the lateness of the spring this year, it was rather too early on April 30 to judge of the extent to which hay and clover meadows have suffered from the effects of the past winter; but the indications are that something like nine per cent. of the area under these crops has been winter killed. Their condition in percentage of the standard is for the whole of Canada, 86, as compared with 92 last year, the range by provinces this year being between 82 and 96 per cent. of the standard.

For the three Atlantic provinces it was too soon on April 30 to report as to spring seeding. In the other six provinces the spring is reported as being very late—even later than last year, and only about 14 per cent. of the total seeding was accomplished on April 30. This is the lowest proportion sown on April 30 since the records began in 1910. Last year the proportion was only 18 per cent., but in 1915, when the spring was exceptionally early and conditions were highly favorable, the proportion was as high as 63 per cent. For wheat the proportion of seeding completed on April 30 is 13 per cent., as against 27 per cent. last year, and 94 per cent. in 1915, for oats the proportion is 12 per cent., against eight per cent. last year, and 45 per cent. in 1915, and for barley it is 9 per cent., as against 3 per cent. in 1916, and 38 per cent. in 1915. The provinces most advanced in the seeding of spring wheat are: Ontario, 28 per cent., as compared with 4 per cent. last year, and 73 per cent. in 1915; Alberta, 27 per cent., compared with 80 per cent. and 91 per cent., and British Columbia, 20 per cent., compared with 66 per cent., and 89 per cent. In Saskatchewan, only 5 per cent. had been seeded of the area to be devoted to spring wheat as against 36 per cent. and 94 per cent. on the corresponding dates of 1916 and 1915.

The first crop report of the present season, issued Saturday (May 12) at Ottawa, by the census and statistics office, relates to the area and condition of the fall wheat crop, the condition of hay and clover meadows at the end of the winter and the progress of spring seeding, as reported by correspondents at the end of April.

The area estimated to be sown to winter wheat last fall is 813,400 acres, of which 656,500 acres are in Ontario, 105,700 acres in Saskatchewan, 38,000 acres in Alberta, 8,000 acres in Manitoba, and 6,200 acres in British Columbia. In Ontario the proportion of the area reported to be winter killed is 25 p. c. in Manitoba, 14 per cent., in Alberta, 15 per cent., and in British Columbia, 8 per cent. No reports on the winter killing of fall wheat are available for Saskatchewan, but as the proportions in the two neighboring provinces of Manitoba and Alberta are 14 and 15 per cent. respectively, it is assumed that the proportion of 15 per cent. also applies to Saskatchewan. The result is a total estimated destruction through winter killing of 187,000 acres of fall sown wheat, or 23 per cent. This proportion is larger than in any of the two previous years when, however, the amount of winter killing was exceptionally low, being not more than about six per cent. in each year. After deduction of the areas estimated to be winter killed the area of fall wheat to be harvested is 626,400 acres. The condition of fall wheat on April 30 is reported as 67 per cent. of the standard representing a full crop in Ontario, 65 per cent. in Manitoba, 88 per cent. in Alberta, and 85 per cent. in British Columbia, making the figure for all Canada (Saskatchewan excepted), to be 69 per cent. This is a lower percentage representing condition than any previously recorded at the same date since 1909, and reflects the exceptional severity of the past winter.