

Banking and Business Affairs in the U. S.

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

(Special Correspondence of The Journal of Commerce).

Business continues favorable. Bank clearings for April were larger than for March; railway earnings for March show substantial gains as compared with the same month of last year; business failures are falling off, and foreign-trade is close to top-notch figures.

Nevertheless the past week has witnessed some disquieting signs, due to the publication of exceptionally gloomy reports of the possible consequences of the submarine activity. It is conceded that the present unprecedented demand for food and commodities must act as a decided stimulant to productive industry, but there is less realization of the corollary that this must, in a short time, favorably react on distributive trade. The expenditures for materials and for labor must furnish the means by which the community will enlarge its buying power all along the line.

While, therefore, the soundest of reasons may be seen why business should continue good, the fact is not forgotten that the business and financial world is sometimes frightened by spectres quite as much as by realities, and that newspaper accounts of unnumbered boats emerging suddenly from beneath the waves to prey upon our ships, may give business a greater shock than it received when the war began. Commerce shrinks in the presence of the mysterious and unknown.

From this disposition, which undoubtedly characterized several days of the past week, there has been a sudden and marked recovery, and perhaps an apprehension of the truth that these alarming reports about submarine activity aimed to give a needed spur to preparation. Republics move less rapidly than bureaucratic governments where control is concentrated, and slowly the giant Federal machinery is getting into action.

DECLINE IN STOCK TRANSACTIONS AND NEW FINANCING.

Sales of stock on the New York Stock Exchange for the month of April aggregated 14,625,982 shares, compared with 18,516,944 shares in March. Bond sales were \$85,284,000 against \$73,297,000 for the previous month.

New securities announced by American railway and industrial corporations for the month of April were \$130,141,500, which compares with a total of \$221,598,500 for April last year.

The falling off in these items probably represents the beginning of the decline in the placing of ordinary investment securities which is a not unexpected result of greater Government borrowings. No less a financial authority than Mr. Vanderlip, president of the National City Bank of New York, has recently called attention to the fact that the absorption of the new Government loans must come from fresh savings; that is, past savings are already invested, and new securities can only be taken up by current and future savings. This means, of course, that capital heretofore available for the railways and the general productive industries of the country will some time to come be absorbed by the Government. But, in a certain sense, the Government is becoming itself a large industrial operator, so that this change in the direction of industry will not have the effect of drying it up for lack of capital, but will rather tend to change the course of enterprise and probably to make for greater activity than has existed heretofore. Industrial concerns bid higher for capital than the Government does, but can hardly offer such unquestioned security; and furthermore, funds will flow into the public Treasury, even at a very low rate of interest, through purely patriotic motives. This is no mere financial prediction, for many cases are already coming to light where persons of modest means are showing a disposition to put their funds at the disposal of the Government, though by doing so they suffer a loss of interest. When even the children are joyfully bringing small sums to offer to their country, it may possibly indicate that the Kaiser's advisers may yet have to revise their empty boast that the United States is "a blown egg-shell."

SHIPBUILDING ACTIVITY.

The extraordinary demand for shipping, caused by the submarine warfare and by the tying up of a large amount of mercantile tonnage in war operations, has caused a great outburst of shipbuilding activity in the United States. This movement has thus far been carried on largely by private enterprise. Very shortly the shipbuilding industry will receive an added im-

petus from the entrance of the Government into this field of construction.

The total of new capital stock, authorized for shipping corporations since the beginning of the war reached \$184,642,000. The total since the United States broke relations with Germany aggregates more than \$73,000,000, or considerably above one-third of the entire sum for the thirty-three months, of the war, exclusive of the Government activities in this respect.

It is a somewhat notable development of the war that it is having the effect of reviving the American mercantile marine—a problem with which Congress had long ineffectually grappled. The spur of necessity in shipbuilding is proving effectual where all others failed.

Hardly less interesting is the recent growth of the dye industry in this country. New capital stock authorized for dye and chemical concerns since the beginning of the war aggregates more than \$189,000,000. A large part of this capital represents the expansion of existing industries of this character rather than the formation of new companies.

SHORTAGE OF RAILWAY CARS.

The railroads of the United States on April 1, reported to the American Railway Association a total shortage of 143,059 freight cars. This was an increase of 12,577 cars over the shortage on March 1, and was the largest reported since the present freight congestion and shortage began last September, as well as the largest car shortage ever reported by the railroads.

On March 30, the latest date for which figures have been compiled 89,371 cars—loaded and empty—were standing in accumulations at various places throughout the country. For one reason or another these cars could not be moved. Had these cars been available where needed, there would have been a shortage of approximately 50,000 cars.

For the whole period of nearly eight years preceding the middle of August of last year, there had been a continuous net surplusage of cars not in use on American railroads except for about one month in 1909, three months in 1912, one month of 1913 and the month of March of last year.

GREAT INCREASE IN FOREIGN TRADE FOR MARCH.

The country's foreign trade in March showed an increase of nearly \$156,000,000 over that of February, according to a statement issued by the Bureau of Foreign and Domestic Commerce, of the Department of Commerce.

Exports from American ports jumped from \$467,683,406 in February to \$551,278,328 in March, which is second only to the \$613,555,693 of January as a record for American sales abroad in one month. Imports for March were valued at \$270,484,439, as compared with \$199,479,996 in February and \$241,816,232 in January. The March figure is a new record.

The value of all exports for the nine months ended with March is placed at \$4,634,863,518, as compared with \$2,995,424,760 for the similar period of 1916 and only \$1,921,977,869 for the nine months ended with March, 1915. Imports for similar periods were valued at \$1,818,319,426, \$1,504,662,718, and \$1,213,613,643, respectively.

Of the March imports, 69.75 per cent entered free of duty, which in March, 1916, the percentage of free imports was 67.78 and in March, 1915, 60.43 per cent.

Gold imports totalled \$139,498,590 in March, 1917, while exports of gold for the month were \$17,919,601. Imports of gold for the nine months ended March, 1917, were \$801,202,430 as compared with exports of \$150,094,328, leaving a net balance of imports of gold of \$651,108,102.

NATIONAL BANK CHARTERS FOR THE FIRST QUARTER OF THE YEAR.

The number of new national banks chartered, plus the number of national banks increasing their capital in January, February and March, 1917, was 106; the new and increased capital was \$8,414,990. Same period last year; number of new banks and banks increasing capital was 60; the new and increased capital was \$4,265,000. Increase first quarter of 1917 over corresponding period in 1916; in number 76 per cent; in capital 97 per cent.

In the first three months of 1917, the Comptroller of the Currency received 106 applications for charters for new national banks, with capital of \$6,595,000, as compared with 49 applications received during the

corresponding period in 1916, with capital of \$2,160,000.

In these three months of 1917, charters were granted to 38 banks with capital of \$2,580,000, as compared with 26 charters granted during the corresponding period in 1916, with capital of \$1,810,000.

In the three months to April 1, 1917, the capital stock of 68 national banks was increased in the sum of \$5,834,990, while 34 banks increased their capital \$2,455,000 during the same period in 1916.

Five banks reduced their capital during the first three months of 1917, \$313,000. During the same period last year four banks reduced their capital \$100,000.

Twenty-four national banks went into voluntary liquidation (exclusive of those consolidating with other national banks) during the first three months of 1917, their aggregate capital being \$2,657,500, as compared with 24 such banks liquidating during the same period in 1916, with an aggregate capital of \$2,898,000.

PROPOSED DRASTIC REGULATION OF BUSINESS.

In a sweeping bill introduced with the approval of the Administration by Chairman Lever of the House Agriculture Committee, it is proposed to empower the President, under the war clause of the Constitution, to take the following measures whenever in his opinion the national emergency shall require:

To fix maximum and minimum prices for food, clothing, fuel and other necessities, and the articles required for their production;

To prescribe regulations to govern the production of these commodities and if necessary to requisition the producing factories, mines or others establishments;

To compel holders of necessities to release them in amounts insuring equitable distribution;

To regulate exchanges in such a way as to eliminate market manipulation;

To compel railroads to give preference to the movement of necessities;

To levy such importation duties as he finds necessary to prevent excessive "dumping" of foreign products; and

To impose limitations or prohibitions upon the use of grain in the manufacture of liquor.

In addition, the Secretary of Agriculture would be empowered to establish standard food grades, to license and control the manufacture, storage and distribution of foods, to prescribe the percentage of flour to be milled from wheat and to regulate the mixing of wheat flour with other flour in the making of bread and other food.

The purpose of so drastic a measure is declared to be chiefly monetary. It is intended as a warning to those who have been taking advantage of the present situation artificially to advance prices for their own private gain, that the power of the Government to stop such practices exists and will be employed if necessary. The proposed grant of power is indeed sweeping, but should the bill referred to become a law there is no likelihood that the legitimate business interests of the country would suffer, for the President would undoubtedly wield this great power with discretion.

THE BUILDING SITUATION.

Building operations throughout the country continue with but little abatement, the first quarter of this year showing a loss of only a fraction of one per cent, as compared with 1916, while 1916 displayed a great gain over 1915.

The impression is gaining strength that while present costs of materials entering into the construction of buildings appear to be high, the prospects are for prices to go to still higher levels. The "American Architect" points out that inasmuch as a dollar will buy only three-fourths as much of any commodity as it would three years ago, the cost of building is in practically the same ratio to former costs.

Authorities for the most part seem agreed that the chances for building material prices to take a drop, are quite remote, whether hostilities continue for sometime or whether peace should come within the near future. It is argued that the after-war demand on our industrial resources will be infinitely greater than they have been. France has just recently closed a contract involving two hundred million francs, most of which sum is to be spent in America for building materials to be used in the reconstruction of important buildings in cities in the vicinity of Verdun, the Argonne and the heights of the Meuse.

The danger of a cessation of building activities does not lie so much in the impression that prices are too high as it does in an attempt to carry the economy idea to harmful lengths. Indiscriminate delaying of plans for building would create an indus-

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