

# Banking and Business Affairs in the U. S.

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Good results have followed the union of the railroads of the country in an effort to co-ordinate their services during the war.

In ordering empty freight cars to be promptly moved from one railroad to another, regardless of ownership, the Railroad's War Board has adopted a policy new to American railroad usage and hopes thereby to solve the problem of rapidly mobilizing in different sections of the country the freight cars necessary to handle the abnormal Government and commercial traffic that war conditions have produced.

Reports to the War Board from the Car Service Commission show that orders have been given to 36 separate railroads to ship immediately 68,814 freight cars to 54 other railroads. These cars are being moved without load and in the quickest possible time.

The reports show further that 46,682 cars have actually been received by the roads for whose benefit this arbitrary movement is ordered, and that 51,795 cars have already been delivered by the initial roads to intermediate lines in the direction of ultimate destination.

Among the immediate important results of this redistribution of cars will be the increased facilities for the prompt shipment of lumber to the Army cantonment sites and the ship-building yards. Lumber for cantonments is to be supplied from the Carolinas, Florida, Alabama, Mississippi, Louisiana and Arkansas. Thousands of extra cars have been supplied to the lines operating in these States.

Mississippi and Alabama will supply the bulk of the lumber for new wooden ships that are being built, and the extra cars ordered there assure the movement of lumber to the Atlantic Coast shipyards.

The movement of lumber for commercial purposes is likewise being facilitated in Mississippi, Alabama and Tennessee.

In addition to accelerating the lumber movement, the redistribution of cars is expected to assist materially in the transportation of grain from the middle West to the East. It has already facilitated the shipping of potatoes and other produce from Texas and the Southeast. It has also provided additional facilities for moving live stock from Texas into the Western pasturage territory.

Since the railway situation prior to the entrance of this country into the war was very unsatisfactory, it will be interesting to note the result of this new policy of co-operation among the different lines. It is quite possible that the experience growing out of the present situation may have an important effect upon the future railway history of the country. Should the policy of co-operation result in a marked increase of efficiency and economy, it may point the way to a solution of the railway problem without Government ownership.

## CONDITION OF THE NATIONAL BANKS.

On August 1st the Comptroller of the Currency made public the compilation of reports of National banks under the call of June 20th. It is of more than usual interest because it is the last report to be made under the old reserve requirements. The new law recently passed requires all National bank reserves to be carried with the twelve Federal Reserve Banks.

The total reserve held June 20, 1917, was 2,310 million dollars, a reduction as compared with May 1, 1917, of 163 million dollars, and an increase as compared with June 30, 1916, of 234 million dollars. The percentage of total reserve to deposits June 30, 1917, was 22.91 as compared with 24.05 per cent May 1, 1917, and with 23.86 per cent June 30, 1916.

The surplus reserve over and above the amount required on June 20, 1917 was 842 million dollars, a reduction as compared with May 1, 1917, of 132 million dollars, and an increase as compared with June 30, 1916, of 41 million dollars.

The total reserve carried in vaults and with Federal Reserve Banks June 20, 1917, was 1,482 million dollars, which was 14 million dollars in excess of the total amount of reserve required, therefore the banks on the date mentioned held in their vaults and with Federal Reserve Banks 14 million dollars more than the amount required in addition to the \$28 million dollars reserve carried with the reserve agents.

On June 20, 1917, the central reserve cities held 19.70 per cent of reserve against a required reserve of 18 per cent. Other reserve cities held 22.45 per

cent against a requirement of 15 per cent, while the country banks, which were only required to carry 12 per cent, held on June 30, 1917, a reserve of 25.33 per cent of their net deposits.

The present report is notable in another respect since it records the highest point ever reached in the resources of the National banks. On June 20 these resources aggregated 16,151 million dollars, which is \$6,637,000 ahead of the resources of May 1, 1917, the greatest ever reported up to that time. The increase in total resources as compared with June 30, 1916, was 2,224 million dollars.

Total deposits on June 20, 1917, were 12,769 millions, a reduction of 306 millions as compared with May 1, 1917, but an increase of 1,913 millions as compared with June 30, 1916.

Loans and discounts were 8,818 million dollars, an increase over May 1, of 66 millions and an increase over June 30, 1916, of 1,139 million dollars.

U. S. bonds were reported at 905 millions, an increase since May 1, 1917 of 137 millions, and an increase since June 30, 1916, of 174 millions. The National banks also report an additional amount of 171 million dollars paid on account of subscriptions to Liberty Bonds.

Specie and legal tenders on hand plus balance in Federal Reserve Banks amounted to 1,482 million dollars, a decrease as compared with May 1, 1917, of 43 millions, but an increase since June 30, 1916, of 248 million dollars.

Bonds and securities other than governments were reported at 1,843 millions, a reduction as compared with May 1, 1917, of 14 millions, and an increase since June 30, 1916, of 315 million dollars.

Amount due from banks other than Federal Reserve Banks was 1,637 millions, a decrease as compared with May 1, 1917, of 201 millions, and an increase of 99 millions as compared with June 30, 1916.

Amount due to banks and bankers was 3,125 million dollars, a reduction of 353 millions since May 1, 1917, but an increase of 312 millions since June 30, 1916.

Bills payable and rediscounts were 371 million dollars, an increase as compared with May 1, 1917, of 278 million dollars, and an increase as compared with June 30, 1916, of 303 million dollars. This increase was due to the temporary financing incident to the negotiation of the Liberty Bond issue.

## RAILWAYS HELPING TO INCREASE THE FOOD SUPPLY.

To help increase the nation's food supply by utilizing as much idle ground as possible for grazing and agricultural purposes, the railroads of the West and Middle West are leasing at nominal rental millions of acres of land which they own. Reports just made to the Railroads War Board show that virtually all of the land owned by these roads which is not being used for operating purposes is now under cultivation or being used by live-stock owners for cattle grazing.

In addition to leasing their land to farmers and cattle men at a nominal rental, a number of railroads are offering garden plots, rent free, to families along their right of way. Other roads have offered big tracts of their idle land to the States in which they operate. The Federal Government has also been offered 200,000 acres of "cutover" land in Wisconsin by the Minneapolis, St. Paul and Sault Saint Marie Railroad.

Among the Western roads that are leasing all suitable lands in their possession for agricultural and grazing purposes are the Northern Pacific, the Union Pacific, the Southern Pacific, the Great Northern, the O. S. L., the C. M. & St. P., the Northern Pacific and the A. T. & S. F. The last named road has leased every available acre that it owns.

The railroads operating in the Middle West that are leasing their idle lands include the St. L. & S. F., the Pere Marquette, the A. T. & S. F., the Mo. Pac., the M. K. & T., the C. B. & Q., the C. R. I. & P., and the Northern Pacific. The latter road has some million and a half acres of its Western land under lease for grazing purposes.

The C. M. & St. P. is offering garden plots, rent free, to all persons living along its right of way.

The Illinois Central is permitting free use of its way lands to all who apply for permission to cultivate them; this offer has been freely accepted. This road has also established a large co-operative garden in Chicago for its employees.

Commendable as these and other efforts are in aiming to increase the Nation's food supply, they are having some unlooked-for effects. Very serious com-

plaints are heard of a glut in the supply of vegetable food products in some of the leading markets, while producers in many cases have been unable to market their products profitably owing to the cheap supplies furnished by amateur gardeners.

## PENDING LEGISLATURE MEASURES.

The Food Control Bill has not yet become a law. It is now apparent that the President's wishes for a single Food Administrator will prevail against the proposal for a commission of three members. Since practically all the difficulties that have heretofore prevented the enactment of this important measure are now cleared up, it may become a law without further delay.

On the first of August the Senate passed a resolution providing for submission to the States an amendment to the Constitution of the United States prohibiting the manufacture and sale of alcoholic liquors. It is not considered likely that the measure will be acted on the House until the opening of the regular session of Congress in December. Should the resolution then receive the approval of the House, it will be leisurely acted on by the States, and under the terms of the Senate resolution action need not be had for six years. So that whatever may be the effects of prohibition on the business interests of the country, there is no immediate prospect of experiencing them.

The Revenue Bill yet remains to be acted on by the Senate, and with the delay in the passage of this important measure the demand for still heavier taxation grows almost day by day. We are just beginning to learn what Canada knows so well by experience—the cost of carrying on military operations at such great distance from our own shores. As previously stated, Congress is promptly and generously supplying the needed means, and the delay in enacting the War Revenue Bill originates solely over details. Of the early passage of the measure there is no doubt whatever. Indeed, so far as legislation can be serviceable in carrying on the war, we shall have no cause for complaint. There has been no disposition in Congress either to defeat or seriously to weaken any of the measures which the Government has considered necessary. No anti-war group of any consequence exists in either branch of Congress. Differences of opinion there have been and will continue to be as to the most efficacious means of meeting the situation, but none as to the end sought. To secure greater harmony in carrying out the war policies the suggestion for a coalition cabinet, made some time ago, has been revived recently.

The prosperous state of the steel industry is reflected in the action of the directors of the United States Corporation at their recent meeting, when an extra dividend of three per cent on the common stock was declared in addition to the regular quarterly payment of 1¼ per cent.

The financial statement for the three months ended June 30 showed net earnings of \$90,579,204 after an allowance estimated at \$53,918,872 for war income and excess profits taxes. This compares with net earnings in the March quarter of \$113,121,918. A surplus of \$35,882,736 is reported for the June quarter, after all deductions and dividends, compared with \$69,836,981 in the quarter ended March 31 last and \$69,257,592 in the final three months of 1916, after the same deductions.

It is stated that the excess profits tax of the United States Steel Corporation alone this year will amount to over \$200,000,000—a sum greater than the net earnings of any year except 1916.

For the first half of 1917 the net earnings of the Corporation were \$203,700,222, compared with \$141,839,672 for first half of 1916. The surplus for the first six months of 1917 was \$105,719,717, against \$80,818,707 for the corresponding period of 1916.

Notwithstanding the extraordinary demand for steel in our own markets, we have continued to meet the demands of the Allies for steel products, an order for 150,000 tons of rails for France having been placed quite recently, while in the matter of railway locomotives we have accepted orders for foreign shipment since January 1 to the number of 4,910 against 2,634 in the corresponding period of last year, an increase of nearly 100 per cent. But owing to our need for steel for shipbuilding the President was compelled on August 1st to impose an embargo on steel exports, except for war purposes.

For the fiscal year just closed the total foreign trade of the United States reached the astonishing total of \$8,953,000,000. If to the volume of merchandise imports and exports the movement of the precious metals be added, the total reaches \$10,000,000,000 in value. Our excess of merchandise exports over imports for the year ended June 30 was \$3,635,000,000.

It is gratifying to be able to state that despite the