

# Banking and Business Affairs in the U. S.

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NEW YORK, September 22.

News that the Central Powers had accepted their own peace proposals had little effect upon the stock market or upon business sentiment. It was realized long ago that there will be no discussion of peace terms likely to amount to anything until Germany has a Government whose pledges mean something. And it is also well understood that the recent German peace feelers were merely intended as a ruse to divert attention from the day of real settlement which slowly but surely approaches for the Central Powers, and which will be something quite different from the pious expressions contained in their answer to the Pope's Note.

Until the peace of Allied victory is attained, the chief business in this country will continue to be war business.

Trade circles and banking have no doubts on this matter, and all their arrangements for the future rest upon this basis. Whether the time shall be long or short, financial and commercial interests are firmly entrenched to meet the issues as they may arise.

The credit machinery of the country, undoubtedly put to a considerable strain, nevertheless bears up well, and there exists sound warrant for the belief that it will not break down in the future. The banks, manufacturers, business men of all kinds, are working in harmony with the Government, and together they form an aggregation of strength not easily broken down.

Whatever the strain, no American wishes a cessation of the present conflict until its results are clear, sharp and decisive.

## THE WAR REVENUE BILL.

This gigantic measure still remains "in conference." Information is lacking as to just what delays its enactment, though intimations have appeared in the press to the effect that the method of assessing taxes upon profits constitutes the chief point of difference. It is contended that by making the allowable profits to rest upon a certain percentage of invested capital, a larger amount of income will be taken by the Government than is just or compatible with a policy of so adjusting taxation as not to interfere with business. Indeed, the charge has been made that some of the provisions of the bill go quite beyond the needs of the Government for revenue and seek to impose upon the business interests of the country socialistic methods of taxation designed to effect a partial redistribution of property. This same criticism was made in reference to much of the fiscal legislation prior to our entrance in the war. Now there is a decided sentiment in favor of what is called conscripting the country's wealth for war service." It is not believed that the bankers of the country would object to the Government taking all their income if that was necessary, and perhaps the majority of business men feel the same way about it. But, after all, the whole matter resolves itself into a question of expediency. Shall profits be substantially confiscated as a whole, or shall they be permitted to insure to the benefit of individuals to an extent that will stimulate production and business of all kinds to the utmost? That is the real point at issue, and it is essentially the problem being fought out in the prolonged conferences over the War Revenue Bill.

## BUSINESS SUPPORT OF THE GOVERNMENT.

During the present week an important meeting of representative business men of the United States has been in session at Atlantic City, N. J. Here is the first resolution, unanimously passed at this meeting:

The people of the United States, in defence of the Republic and principles upon which this nation was founded, are now taking their part in the world war with no lust for power and no thought of financial or territorial gain.

The issues at stake in this stupendous struggle involve the moral ideals and conception of justice and liberty for which our forefathers fought, the protection of the innocent and helpless, the sanctity of womanhood and home, freedom of opportunity for all men and the assurance of the safety of civilization and progress to all nations great and small. Speed of production and the mobilization of all our national power mean the saving of human life, an earlier ending of the designs of autocracy and militarism and the return of the peoples of the earth to peace and happiness.

Undismayed at the prospect of great taxes, facing the consumption of its accumulated savings,

American business without hesitating pledges our Government its full and unqualified support in the prosecution of the war until Prussianism is utterly destroyed.

Assembled on the call of the Chamber of Commerce of the United States and representing more than half a million business men and every industry in every State in the union, this convention promises to our people that business will do all in its power to prevent waste of men and material and will indicate to the nation every facility it has developed and every financial resource it commands on such terms and under such circumstances as our Government shall determine to be just.

## BUSINESS CONDITIONS IN GENERAL.

We are now entering the fall season, which is usually one of great business activity. There appears to be good ground for believing that the present season will be one of unusual prosperity. There have been good crops which in a country where agriculture bears so important a relation to trade must tend to stimulate the exchange of the products of industry. The special conditions which at the present time are exercising an important effect upon industry and trade are well known. Their effect, upon the whole, is in the direction of stimulating activity. It is therefore a safe prediction that the fall trade in the United States during the present season will be one of more than ordinary activity. True enough, there is some disposition on the part of farmers to hold their wheat for a price even higher than that fixed by the Government; but the very fact that the farmers are able to hold their crop back until they get the best prices obtainable shows that the farmers of the country are in a strong financial position. Of course, if they were in need of money, they would sell without much regard to prices and the fact that they are not tempted to sell by the present abnormal prices, shows that they are not in need of money.

Statistics generally bear out the belief in expanding trade. Bank clearings for the week past were \$5,905,392,637, against \$5,692,074,804 for the preceding week and \$5,366,828,961 for the corresponding week of last year. Railroad gross and net clearings continue to improve, while commercial failures do not show an appreciable increase.

Building operations do show a decline, but this is only an expected phase of the appreciation of larger amounts of capital to war industries.

On the whole, considering that the country is engaged in carrying forward the vast activities of a great foreign war, the business situation is eminently satisfactory.

The coming week will witness the assembling of the bankers of the country in annual Convention at Atlantic City. One of the notable addresses of this meeting will be delivered by Mr. McAdoo, Secretary of the Treasury. It is expected to relate largely to the operations incident to the pending campaign for bringing out a new issue of Liberty bonds.

## STATE BANKS AND THE CLAYTON LAW.

An opinion recently promulgated by the Attorney General of the United States would seem to exempt the State banks of the country from the operations of the Clayton law relating to interlocking bank directorates. This opinion holds that the law of the United States, or at the most to banks that are members of the Federal Reserve System.

This opinion tends to render the State banks of some of the more or less burdensome restrictions thrown around the National banks by recent legislation, and many have some effect in making the State banks more reluctant to join the Federal Reserve System, since the Clayton law is construed as being applicable only to banks that are members of this System.

The National banking law has been, as a rule, more strict in the regulation of banking than the laws of the respective States, although some of the State laws are not much behind the National law in their regulation of the banking business. But if this provision of the anti-trust legislation shall be held to apply only to banks organized under the Federal law, or to those who are members of the Federal Reserve System, it will give the State banks more latitude in the conduct of their operations than is enjoyed by the National banks.

It would seem that the problem of co-ordinating the State and National banks into a single System yet remains to be solved.

## HYPOCRITICAL CLAPTRAP.

### London comment on the Kaiser's reply to Pope Benedict.

The London papers unanimously reject the German and Austrian replies to Pope Benedict as affording no basis of hopes of peace, but several of them draw a sharp distinction between the two notes. The German answer is characterized as hypocritical and insolent, while that of the Austrian Emperor is generally thought to be sincere in its expression of an ardent desire for peace.

The Chronicle said that it was impossible to doubt the earnestness of the Austrian Emperor's reply, remarking: "Sincerity breathes through every part of this remarkable utterance. Emperor Charles has always spoken in a different temper and with a different accent from the violence and harshness of Berlin."

The Daily News said:

"The Austrian Emperor declares very justly that the whole world longs for peace. Unless the world is swept clean from such diplomacy as that which the Kaiser has just approved and honored, what is the good of talking peace at all?"

The Post asserted that Austria's reply "professes that Austria is fighting only for international arbitration, disarmament, and freedom of the seas," and added:

"From the author of the historic ultimatum to Serbia that profession is indeed significant."

## PECKSNIFFIAN CLAPTRAP.

The Evening News headed the replies: "Kaiser's Hypocritical Claptrap" and "Pecksniffian Ruler at His Best."

The Evening Star said:

"The word 'reparation' still sticks in the Kaiser's throat, and he won't utter it yet. Notwithstanding all the furious discussion about Belgium in the German press of late, Belgium isn't mentioned in either reply. The Allies, of course, will totally refuse to regard this as a satisfactory basis for negotiations."

The Evening Standard noted a marked difference between the tone of the German reply and that of the Austrian Emperor, saying:

"The latter is by comparison a sincere and dignified document. The former is marked by a revolting mixture of insolence and hypocrisy, but the tenor of the two messages is the same. The Central Powers are ready for peace, but it must be a German peace. It is not by any exchange of vague, windy notes, but by the constant pressure of all available force that a satisfactory peace can be won."

## COPPER PRICE FIXED AT 23 1/2c.

WASHINGTON, Sept. 20.

A fixed price of 23½ cents per pound for copper was made by the Government to-day in agreement with the copper producers. This price will prevail on all purchases made by the United States and by the governments of our Allies.

It was fixed upon a profit plus cost basis, the cost of production being determined by the Federal Trade Commission. While it was at first reported that a price of 20c. was recommended to the President by the Commission, it is understood that the higher price was fixed upon the advice of the War Industries Board, which pointed out that a sufficient profit should be assured so that wages would not be reduced, and so that all the allied governments could obtain benefit therefrom.

## PRICE GOOD FOR FOUR MONTHS.

The price is effective for four months, f.o.b. New York, and producers not only agreed to reduce wages now paid in the industry, but also pledged themselves to maintain maximum production and to prevent copper from falling into the hands of speculators.

Although the price is fixed under voluntary agreement between producers and the Government's War Industries Board, with the President's approval, it was officially announced that under the Executive's war power, "The proper departments of the Government will be asked to take over the mines and plants of any producers who fail to conform to the arrangement and price."

Recent Government purchases of copper needed in large quantities for war purposes have been made under agreement to pay the prices determined upon by the War Industries Board. Early in the war, when copper sold at about 36c., the Government contracted for 45,000,000 pounds for the army and navy at 16 2/3c., but future contracts will be at the new rate.