



AMENDMENTS TO FEDERAL RESERVE LAW  
QUICKLY AVAILED OF.

In discussing last week the numerous amendments to the Federal Reserve Banking Law made by the bill which became a law with the President's approval on June 21, we indicated that these amendments were lacking in conservatism in two main particulars. In the first place it seemed to us a mistake to require that the member banks should hold increased reserves with the Federal Reserve banks—should in fact be obliged to transfer the whole of their *legal* reserves to the custody of the Reserve banks, with the result that the member banks in the Central Reserve cities now have to keep actual net balances equal to not less than 13% of the aggregate amount of their demand deposits, against only 7% before, that member banks in the ordinary Reserve cities must maintain an actual net balance equal to not less than 10% of the aggregate demand deposits, against the previous 6%, and that the so-called country banks must now maintain with the Federal Reserve banks of their respective districts an actual net balance of not less than 7% of the aggregate demand deposits, against the previous 5%. The objection to this change—to this increase of reserve balances with the Reserve banks—is that while on the one hand it greatly increases the gold holdings of the Reserve banks and thereby apparently strengthens the Reserve system, on the other hand it is susceptible of easily becoming a weakening influence since the Reserve banks are not obliged to keep these gold holdings intact. They may use 65% of them in purchasing bills or making other investments (a gold reserve of only 35% against the Reserve bank's deposit liabilities being required), to that extent scattering and dissipating the mobilized reserves; or yet again these gold holdings may be used to support a greatly enlarged total of Reserve notes, to that extent also undermining the integrity of these gold holdings.

Obviously bearing in mind the separate and special uses to which the reserves of member banks kept with the Federal Reserve banks may be put, a sharp distinction must be made between reserves in the vaults of the member banks themselves and reserves or balances maintained with the Reserve banks. Vault reserves are definite and tangible, and must, in the nature of things, always be intact and available, whereas balances with the Reserve banks are subject to diminution and special appropriation in the way indicated. For that reason they can never be considered the equal of vault reserves. In this distinction there is justification for mobilizing *a part* of the cash reserves of the member banks in the control of the Reserve banks, but never the whole of them, since to let the Reserve banks employ the whole of the cash reserves of the member banks must inevitably lead to pronounced inflation and create other elements of danger.

Even greater menace of undue inflation exists in the amendment under which the Reserve banks are

now permitted to issue notes against gold or gold certificates acquired in the ordinary course and then to allow gold so acquired to count as part of the 40% gold reserve which the Reserve banks are required to maintain against Federal Reserve notes. There seems no limit to the amount of gold that can be acquired in that way and acquired in advance, thus removing altogether one of the important checks provided in the original law against excessive note issues and undue inflation.

In thus portraying the dangerous possibilities involved in the new amendments, we had reference entirely to the remoter future. We had no idea that there would be any immediate application of the increased powers and wider scope of action conferred. It was latent dangers, rather than dangers actually present, that aroused our apprehensions. We find now that it is not inflation in embryo, but inflation in essence with which we are confronted. Given new powers and privileges, the Reserve banks have already begun to use them. In particular, the action of the Federal Reserve Bank of this district furnishes a striking demonstration of what is involved. It was in the Federal Reserve Bank of New York that the practice originated of issuing notes in large volume and then depositing gold for the nominal retirement of the same, but which it was really intended should be kept afloat indefinitely. There was never the slightest warrant of law for the operation, though it was attempted to justify and extenuate it. Finally, in the course of the debate in Congress on the amendments under consideration, all pretense that legal sanction existed for the action was abandoned, and the bald admission made that under the arrangements referred to, the huge volume of notes that was daily and weekly being added to, was being issued "by indirection." In this way over \$400,000,000 of notes had been put out before the amendments, which now form part of the law, were enacted. Under one of these amendments express authority now exists to gather gold and use it as collateral for the issuance of the notes.

The old method, however, at least had the advantage of being innocuous, inasmuch as for every dollar of Reserve notes thus issued there had to be a corresponding dollar in gold. Under the new method this requirement no longer exists. The gold now becomes collateral merely, and the Reserve banks are under no obligation to retain more than 40% of it, being endowed with authority to replace the other 60% with eligible mercantile paper. The new method gives rise to a new manifestation of that diminishing and attenuating process as regards the gold holdings of the Reserve banks upon which we have always laid so much stress. As already stated, however, it was the fear of what *might* happen that has influenced us in our criticism heretofore. We are dumbfounded to learn that within twenty-four hours after the amendments became incorporated as part of the law, the danger feared became an imminent presence. The fact that in all probability the Liberty Loan operations have furnished the occasion for quick resort to the new scheme, does not alter the fact itself or diminish its gravity.

All through last year and all through the present year the Federal Reserve Bank of New York kept steadily adding to the volume of its outstanding

notes, until Friday of last week the aggregate reached \$223,380,000. But during the whole of this period until the last two weeks not a dollar of mercantile paper was ever reported as held as security for the outstanding notes. They were all represented by an equivalent amount of gold, that is, by a gold reserve of 100%.

On June 14 the adoption by the House of Representatives at Washington of the conference report on the amendments made it certain that the amendments would quickly become law, and in anticipation of that happy event the statement of the Federal Reserve Bank of New York, for the first time in a period of seventeen months, showed notes out against mercantile paper, and in a considerable sum, too, namely \$25,000,000. By the time the statement for June 22 was issued the Senate had also adopted the conference report and the President had signed the bill, so that the reserve officials now had full freedom to do as they liked with the mass of gold behind the notes. They immediately availed of their powers and the statement for Friday of last week (June 22) showed no less than \$100,000,000 out of \$223,680,000 of outstanding notes secured by commercial paper. The result was that instead of the gold reserve against the notes being 100%, the ratio of gold to notes dropped to only 55.29%. In other words the Federal Reserve officials here—and by the way, the action was coincident with the return to his post of Governor Strong after an absence of a year—went almost to the limit. Forty per cent of gold collateral must be held in any event even under the amendments to the law. Twenty-four hours after the amendments were enacted we find the gold reserve of the Federal Reserve Bank of New York down to 55%. In tabular form the record may be graphically presented as follows:

NOTE SITUATION OF FEDERAL RESERVE BANK OF NEW YORK.

1917.	Federal Reserve Notes Outstand'g	How Secured.		Per Cent of Gold.
		By Gold.	By Comm'l Paper.	
	\$	\$	\$	
Jan. 5	109,255,000	109,255,000	Nil	100.00
Feb. 3	106,832,000	106,832,000	Nil	100.00
Mar. 2	143,361,000	143,361,000	Nil	100.00
April 6	176,808,000	176,808,000	Nil	100.00
May 4	198,163,000	198,163,000	Nil	100.00
June 1	212,763,000	212,763,000	Nil	100.00
8	214,994,000	214,994,000	Nil	100.00
15	219,851,000	194,851,000	25,000,000	88.63
22	223,680,000	123,680,000	100,000,000	55.29

The other eleven reserve banks may be expected quickly to follow in the footsteps of the bank of New York, though of course on a correspondingly smaller scale. In fact, they have been already doing this in some small measure. On June 1 \$32,875,000 out of \$499,844,000 of Reserve notes, reported outstanding by the twelve banks, was secured by commercial paper, leaving \$466,969,000 of notes out secured wholly by gold. On June 22 \$149,211,000 out of \$539,976,000 of outstanding notes was secured by commercial paper, leaving only \$390,765,000 represented by gold. As the law now expressly sanctions the issuance of notes against deposits of gold, we may suppose the process will now proceed at an accelerating pace. The Reserve Bank of New York having already got down measurably near to the limit of 40% cannot go much further in any event, and it would not be surprising if future statements

showed a reduction again in the percentage of paper, and an increase in the percentage of gold.

But the other Reserve banks will not fail to take advantage of the new opportunities placed within their reach. If the gold released by the Federal Reserve Agents—that is, the gold now held, dollar for dollar, against outstanding notes—furnished the full measure of the inflation possibilities involved, the situation would be serious enough. As it is, with power possessed to gather up all the gold passing through their hands, there is no limit to the process of corraling the metal short of the absorption of the entire stock of gold in the country.

And herein lies the danger. Under this month's amendments, and those adopted last September, the Federal Reserve Law, originally cast upon sound and conservative lines, becomes the most gigantic inflation measure ever devised by the wit of man. Practically all the safeguards contained in the original Act have been eliminated. As we stated last week, the 40% gold reserve requirement inserted in the law in the first place was never intended as collateral, but as a balance-wheel to guard against undue and excessive note issues. As a matter of fact, the 40% gold reserve under the old law was *in addition* to the requirement of 100% of mercantile paper. Now, the two together—the gold and the paper—need make no more than 100%.

It is not difficult to perceive what the course of operations of the Federal Reserve banks, in the immediate future, is likely to be. All the different Reserve banks are engaged in conducting clearance operations on a very extensive scale for the banks in their respective districts. In this way enormous amounts of gold will pass through the hands of the officials and will be retained by them, Reserve notes being paid out in place of the gold. Thus a huge volume of gold will be collected *beforehand*, and the rest will be simple. The requirements as to eligible paper were made easy under the amendments of last September. Previously only rediscounted paper of a limited variety was eligible as collateral for Reserve notes. Under the amendments enacted last September the kinds and classes of paper were greatly extended and *it was made permissible, too, to issue notes against paper and acceptances purchased in the open market.*

With the gold acquired beforehand there will be no difficulty about putting out new amounts of notes in practically indefinite measure. Where only a few millions of notes could be floated on rediscounted paper, hundreds of millions can be put out on paper acquired in the open market. And the operation is so easy, too! The notes issued upon one batch of purchased paper will be available to acquire a second batch and the notes issued against this second batch will be available to buy a third batch, and the notes against this third batch will purchase a fourth batch, and so the process can be continued unhampered and unhindered and without limit, the gold having already been acquired by the simple act of paying for it with notes. It should also be remembered that the law provides that the Reserve notes "shall be obligations of the United States and shall be receivable by all national and member banks and Federal Reserve banks and for all taxes, customs and other public dues."

Last week's statement for the twelve Federal Reserve banks showed that with the gold held by the Federal Reserve agents as security for outstanding

Federal Reserve notes added to the general stock of gold held, the total gold holdings of the Reserve banks had been increased to \$1,212,018,000. This was before the transfer to the Reserve banks of the increased percentages of the reserves which the member banks will henceforth be obliged to maintain with the Reserve banks. The banks in this city and the other two Central Reserve cities have been given until June 27 to make the transfer and elsewhere will have until July 15. These transfers are expected to add \$300,000,000 to the total of gold holdings, raising the grand aggregate to \$1,500,000,000. Yet the Reserve officials are not satisfied, but are seeking to prevail upon the State banks to come into the system, too, and all the member banks are at the same time being urged to use Reserve notes as till cash.

But considering what an experiment the Reserve banks are engaged in, would it not be much the wiser course for the State banks to keep themselves strong, outside the Reserve system? In the first place, any banks that join the system must retain large balances with the Reserve banks, and these reserves will be subject to diminution and attenuation in the way already mentioned. In the second place, the fact that the possibilities of note issues under the Reserve system are so utterly limitless, suggest caution in adding still further to the facilities for continuing the movement. It was argued for a long time that difficulty might be found in getting eligible paper to support the structure of note issues, but with only 60% of notes required, against the former 100%, and with paper purchased in the open market available for the purpose, it has become apparent that no difficulty on that score is likely to be encountered. The Federal Reserve Bank of New York, we have seen, was able to produce \$100,000,000 of commercial paper at one bound, and as a matter of fact, its holdings of paper last week aggregated no less than \$220,032,000, and it is significant that of this \$146,918,000 consisted of paper bought in the open market—largely acceptances.

The great need in this critical period of the world's history is to keep within bound inflation tendencies of all kinds. And of all the different species of inflation, the evil of paper money inflation is the worst and most serious of all. Wheat is selling above \$2 a bushel, and has been above \$3; corn commands over \$1 50 a bushel; cotton is selling at 25@26 cents a pound; steel billets are quoted at \$100 a ton, against only \$19 a ton two-and-a-half years ago, and similar manifestations of price inflation extend through the whole range of food products and commodities of all kinds. Currency inflation will only add fuel to the flames, and make the task of the Federal officials in trying to regulate prices all the more onerous.

Obviously financial operations on a gigantic scale in the prosecution of the war must be successfully carried through at all hazards. Ostensibly, the changes in the Reserve law have been made with that end in view, but while some currency and credit inflation is unavoidable, and even necessary, in connection with these operations, there is at least equal danger of carrying the movement too far. A strong body of institutions outside the Reserve system carrying reserves not subject to diminution or attenuation, and with no power to create extra note issues, will afford an added bulwark at a time when, in the financial world, as elsewhere, no element of caution and safety should be neglected.

#### RAILWAY AND INDUSTRIAL SECTION.

A new number of our "Railway and Industrial Section," revised to date, is sent to our subscribers to-day.

#### THE FINANCIAL SITUATION.

The Inter-State Commerce Commission, true to its traditions, has again disappointed expectations. It has refused to permit the general advance of 15% in rates. If ever the merits were all on one side, it was in the case of the present application of the carriers for higher rates. Railroad expenses have increased and still are increasing at a perfectly frightful rate. But the Commission cannot see it that way. They issued a statement yesterday saying that no general exigency for increased rates existed in the West and South. Therefore, the new rate schedules, which were to become effective July 1, would be recalled, and the date postponed until Oct. 28, in order to furnish time for further investigations. The Eastern roads, it was noted, had recently obtained authority to advance rates on bituminous coal, coke and iron ore. If the Southern roads desired they could file new schedules relating to these particular items. The Western roads could file schedules for an advance not to exceed 15 cents per ton for coal and coke.

In the meantime the Commission professed willingness to hear any additional arguments that the railroads may want to make, but of what avail will further hearings be where an adverse result is sure to be a foregone conclusion? But even if there were a chance that the Commission might reverse itself, the loss of four months time will, in any event, be a most serious matter.

Mr. Warfield of the Continental Trust Co. of Baltimore, who called the conference held in that city, a month ago, of representatives of a total of railway issues estimated at three billions, has announced the officers of the National Association of Owners of Railroad Securities, organized by that meeting.

And, in view of the adverse action of the Inter-State Commerce Commission on the rate petition of the carriers, as noted above, the fact that a permanent organization has been effected must be considered very fortunate. Mr. Warfield himself takes the Presidency of the organization. The Vice-President for the Eastern District is head of the Prudential Life of Newark; for the Central District, the head of the Illinois Trust & Savings Bank of Chicago; for the Southern District, the head of a steel company of Atlanta; for the far Western District, the former head of the Panama-Pacific Exposition; for the Southwestern District, the Mayor of Galveston. The executive committee of 28 includes officers of eight insurance companies, Mr. Kingsley of the N. Y. Life being most prominent, and seven officers of banks and trust companies, among these being the head of the largest but one of the savings banks of this State. A general committee of 96, two members from each State, was authorized at the Baltimore meeting and will shortly be announced.

Mr. Warfield defines this association as resting "squarely on the vast ownership of railroad securities, universal in distribution and extent, which is the reason for its existence and for its support." Fully 50 millions of the people of this country, he says,

"have a very definite ownership" in railway issues. He divides them as 33 millions of policyholders in mutual life insurance companies, 8 millions of savings bank depositors and 9 millions whose ownership is individual or exists through stock ownership in financial and other institutions. There is no reason for criticising this estimate, which can never be exact and strict, and the several classes of persons mentioned necessarily blend and interlap more or less; it must suffice that, as a broad statement needing little qualification, just as every industry in the country and the very existence of every individual in the country is linked with transportation so every interest and every business is standing either upon railway issues and credit directly or upon some other interest which does stand thus. Three-fifths of the seventeen billions aggregate of railway issues, adds Mr. Warfield, are in the form of mortgages, and this is a majority ownership, hitherto without voice, which the new Association will represent. And with entire truth and timeliness he says that "the voice of the owners of the carriers should be heard along with the voice of the users of transportation in solving their problems."

Hitherto, the owners have not been heard and have been very little thought of; the users alone have had the floor, just as the employees alone have had it when making their periodical demands for wage increases. Now that the owners—who, let us distinctly recognize, are virtually everybody—have been at last enough stirred to form a definite organization, let us hope the work will not end with organizing but that this greatest party and interest in the problem of transportation will keep alert and not rest until full justice is obtained for the carriers.

That the stupendous value of the outflow of commodities from the United States to foreign countries, as a whole, has not been appreciably affected by submarine activity, or the undoubted reduction of transportation facilities as a consequence thereof, is clearly shown by the completed official returns for the month of May, which, with two exceptions—January and March of the current year—furnish the heaviest export total on record for such a period. In stating that this result has been attained in spite of the immense loss of tonnage in recent months through ruthless submarine attacks—a loss that in the large cargo-carrying vessels approximates 2,000,000 tons—indicates that the exigencies of the situation have caused the withdrawal from other lanes of traffic of every vessel possible in order to keep up to the maximum the flow of munitions and supplies from the United States to the Entente Powers. We find confirmation of this in reports from Europe of the cutting down of the service thence to the Far East and South America. Not only did our export values in May continue phenomenally heavy, but the merchandise imports were likewise of unprecedented proportions, exceeding in value by some 11 million dollars the previous high record for any month, established in March last.

As the official details of exports for May will not be available for several weeks yet, it is not possible to state specifically how the month's total was made up, but it is a perfectly tenable inference that explosives and various other articles for war use, together with the tremendous rise in prices, account for much the greater part of it, and especially for the increase over a year ago, which approximates 76

million dollars. At any rate from the data for the ten months ended April 30 1917, we reach a very conclusive idea of the articles in which expansion has been, and is continuing to be, most marked. The gain in the outflow of explosives for that period, as contrasted with the corresponding period of 1915-16, was no less than 366 millions; iron and steel and manufactures, 431 millions; brass, 231 millions; copper, 129 millions; cotton, 176 millions; chemicals, &c., 85 millions; provisions, 84 millions; breadstuffs, 82 millions and mineral oils, 53 millions. These enormous increases, moreover, follow conspicuous augmentation last year over 1914-15.

It is not to be inferred, at least not until the aspect of affairs in Europe changes materially, that recent legislative enactments will serve very noticeably to curtail the outflow of merchandise. The passing into law of the Espionage Bill has, of course, injected into the foreign commerce situation an element of uncertainty as under the provisions of the Act the President is vested with authority to restrict exports and, pursuant to the section of the Act conferring that power, an Exports Council has already been completed. That Council has absolute jurisdiction over the exports of the country and has adopted a policy of licensing the outflow. The business of issuing licenses has been lodged in the Bureau of Foreign and Domestic Commerce, operating through its various branches in New York, Boston, Chicago, New Orleans, St. Louis, San Francisco and Seattle. The misapprehension that this export control would act as a virtual embargo is brushed aside, however, by Dr. E. E. Pratt, Chief of the Bureau, who is reported to have stated that no general embargo is intended either on any particular class of goods, or as against any particular country. In other words, exports are to be controlled and not restricted, except as against the Central Powers, and those who would act as their intermediaries.

The exports in May 1917 aggregated a value of \$550,977,215, and exceeded those of 1916 by 76 millions, and 1915 by 277 millions. For the five months of the calendar year 1917 the merchandise shipments at 2,716 millions were 700 millions more than last year, 1,283 millions greater than in 1915, and actually in excess of the total for the full fiscal year 1913-14, or any 12 months prior thereto. For the eleven months (July 1 to May 31) the aggregate at 5,718 millions is, of course, a high mark by a strikingly large amount, showing an augmentation of 1,850 millions over 1915-16 and of 3,218 millions over 1914-15.

Merchandise imports were, as already stated, the heaviest on record for any month, and very decidedly heavier than in 1916, reaching \$280,561,964, against \$229,188,957. For the five months the inflow of goods aggregated a value of 1,246 million dollars, or 207 millions more than for the corresponding period a year ago, and for the eleven months of the fiscal year 1916-17 the total at 2,352½ millions compares with 1,952 millions in 1915-16 and 1,516½ millions in 1914-15. The expansion in imports thus far in 1916-17 has been most noticeable in copper, hides and skins, India rubber, oils, raw silk, and sugar.

The export balance for May reached 270½ million dollars, as against 245⅝ millions in 1916 and 132 millions in 1915. For the five months of the calendar year the balance of exports is 1,470 millions, or 493 millions above that for the similar period of

1916, while for the eleven months the outward movement of merchandise exceeds the influx by 3,365 $\frac{3}{8}$  millions, against 1,916 $\frac{3}{4}$  millions last year and 983 $\frac{1}{2}$  millions two years ago.

The gold movement of the month shows a moderate export balance, due to rather important shipments to Japan and Spain. The exports reached \$57,697,419 and the imports \$52,262,090, leaving the net outflow for the month 5 $\frac{1}{2}$  millions, which compares with a net inflow of 15 $\frac{1}{2}$  millions a year ago. For the eleven months, however, there is a balance of imports of 661 millions, against 289 1-3 millions in 1915-16. For the 35 months July 1 1914 to May 31 1917, inclusive, our net gold imports have been approximately \$1,089,000,000.

Brazil by formal action on Thursday revoked her decree of neutrality in the war between Germany and its allies on the one hand, and virtually the rest of the world on the other. This means a decision to side with the United States, although an open declaration of war does not appear yet to have been made. A dispatch from Rio de Janeiro on June 9 stated that diplomatic exchanges with representatives of the Entente Powers were then in progress and that practical results might be expected soon. It was added that warships of the Entente would be permitted to visit Brazilian ports without adhering to the time limit imposed by neutrality regulations. Advices from London yesterday quote a dispatch from Athens as stating that the new Government in Greece considers that a state of war exists between Greece and the Central Powers. German Consuls at Skein and Arendal have resigned, according to advices from Christiania, following revelation in a German bomb plot recently discovered in Norway in which it has been asserted that Germany sent secret agents into Norway armed with quantities of bombs to be placed on board Norwegian ships. There is said to be an insistent demand in Norway that that country take a definite position on the side of the Allies. Argentina is expected soon to follow the example of Brazil. Thus is it evident that the circle of steel around the Central Powers is gradually being completed, although how soon it can be made completely effective is still, unfortunately, entirely a matter of surmise. Special dispatches by way of Rotterdam from Germany indicate that censorship of a most extreme character is being imposed upon the German press. Such an influential paper as the "Frankfurter Zeitung" is complaining that it is compelled to issue its political section until further notice without an independent expression of opinion. The press is declared to be completely muzzled and it is intimated that the real secret of the paper shortage is a Government move to compel the press to print bare news excluding comment of all kinds. The belief is expressed in Holland that next week's meeting of the Reichstag will produce startling developments.

The weekly report of the British Admiralty of ship losses due to enemy submarines and mines was rather more satisfactory this week. Twenty-one British vessels of more than 1,600 tons each and 7 under that tonnage were sent to the bottom. No fishing vessels, so far as is known, met disaster. The arrivals at United Kingdom ports for the week totalled 2,875 and the sailings 2,923. There were 22 vessels unsuccessfully attacked, including 7 in previous weeks, that had not been reported. In the preceding week

the British losses were 32 vessels, of which 27 were more than 1,600 tons. Advices from Rome state that Umberto Pugliere, a naval engineer, has designed a new type of so-called unsinkable cargo boat, which has been accepted by the Italian Ministry of Marines. The vessel has a displacement of 10,300 tons and a cargo capacity of 6,800 tons. It has a double skin, the space between the inner and outer hulls being filled with coal and other material intended to protect the ship from mines or torpedoes. The Italian weekly statement of shipping losses shows that only one Italian steamship was sunk in the week ended June 24. Arrivals at Italian ports were 583 and departures 536. Five French ships were sunk by German submarines during the week ending June 24. Of these, two were over 1,600 tons in size and the rest were under that tonnage.

British forces have finally surrounded the French coal city of Lens on three sides and the surrender or evacuation of this important stronghold seems now merely a question of hours. Canadian troops have done remarkable work in forcing the Germans back at this point. Meanwhile, south and southwest of Oppy, Field Marshal Haig on Thursday struck a sudden and important blow at the German lines, capturing the enemy's forward position over a front of 3,000 yards and gaining the whole objective sought. This is another example of the Haig plan of keeping the enemy guessing by surprise attacks in force. There had been little fighting around Oppy for weeks. In the last few days seemingly, the British had concentrated all their force for the encircling drive around Lens and the Germans undoubtedly have been hurriedly massing reserves to defend this coal city. Lens now is virtually in ruins from both the German scheme of destruction and the shells from the British forces. Ordinarily, it is a city of 25,000 population in the centre of one of the richest coal fields of Northern France, surrounded by 200 square miles of mines, which prior to the war yielded 15,000,000 tons of fuel a year. France, as well as Italy, is in great need of coal. Hence, the completion of victory at Lens will have unusual significance.

On the remainder of the front in France there appears to have been only bombardments between the French and Germans. In Belgium the Germans are carrying on heavy bombardments of French and Belgian positions at numerous points from the sea southward. In attacks south of St. Georges, the Germans entered French trenches, but later were ejected, suffering heavy casualties. Only minor operations are in progress on the other fronts. In the Russian theatre the fighting still is spirited in Galicia. In the Austro-Italian zone infantry attacks seem] to have ceased for the moment and only artillery duels are taking place.

Considerable interest has naturally centred this week in the news from "a French seaport" that American troops are arriving in France. A dispatch dated June 27 declared that "the second contingent of American troops arrived and disembarked this morning." The troops are said to have landed amidst the frantic cheers of the people, who had gathered for hours in anticipation "of duplicating yesterday's surprise," which presumably means that the first contingent landed on Wednesday. The port was promptly decorated with flags in honor of the occasion. The publication of the news of the

landing of these troops was criticised and deprecated by our War Department, which, in view of the exceedingly hazardous character of the trans-Atlantic trip, desired that all movements of this character be kept secret, since such announcement will give the enemy valuable data with which to await succeeding detachments. The number of troops that have arrived are of course not stated, but they are understood to comprise detachments of the regular U. S. Army. In addition, it was officially announced from Washington that a group of nearly 125 aeroplane experts sent from this country to acquire and bring back to the United States all possible information regarding aircraft designing and the manufacture of both engines and planes, have arrived safely in England. In the delegation are men representing legal, manufacturing, designing, engineering, military and naval experiences and training. Furthermore, ten units of American woodmen, sent over from the New England States and various organizations to turn various forests of the United Kingdom into lumber have arrived on English soil. They were ready on their arrival to establish their sawmills and begin work at once, having the necessary machinery.

The Spanish Government on Tuesday decided to suspend constitutional guarantees, the new Premier going to the Palace to obtain the King's signature authorizing such suspension. Dispatches from Madrid give no special reason for this action. The constitutional guarantees have been suspended several times since the outbreak of the war and were restored only recently. It is assumed, quoting advices from Paris, that the crisis through which the country is passing is not developing as favorably as the Premier hoped.

As to Russia, advices from Petrograd seem somewhat more reassuring, though it is significant that exchange rates on the Russian centre continue at their recent low level. If the situation were really better, it appears fair to assume that bankers would be among the first to know and appreciate the fact and that rubles would respond. Senator Root, head of the American Commission, and Foreign Minister Tereschtenko returned to Petrograd on Thursday after a brief visit to staff headquarters, where they were welcomed by General Brusiloff in the name of the Russian army, and who declared the commander-in-chief, would continue with all the powers at his disposal not only to fight for Russia's own cause—that of fortifying liberty recently acquired—but at the same time, hand in hand with America, for the rights of all nations to shape their destinies in accordance with their desires. All this sounds very well and undoubtedly is intended in a friendly and honest way. But there is no question that the problem in Russia is one that must be handled with the greatest skill and diplomacy to prevent the withdrawal of Russia from the war and the consequent release of the German forces that have been holding her in check. The Provisional Government has issued a decree fixing Sept. 30 for the elections of the Constituent Assembly. Oct. 13 has been set for the first meeting of the Assembly. With a view to the reorganization of the economic life of the nation and the regulation of labor questions, the Government has resolved to create an economic council under the Presidency of the Premier, and to include representatives of the Peasants' and Workmen's and Social-

ists' Council of industrial and commercial bodies, and members of the Bourse.

The London markets have ruled quiet this week. The Stock Exchange at that centre was closed on Saturday; hence there could be no immediate reflection of the success of the American war loan, the details of which were published on the morning of that day. Dispatches cabled on Monday reported a moderate accumulation of orders for securities over the week end, with the Stock Exchange market in the main steady. Later in the week, however, the tendency became one of more or less irregularity, with the volume of business narrowing down to comparatively small proportions. Spanish bonds were weak because of the suspension of constitutional guarantees in Spain. A statement in the House of Commons by Alfred Bonar Law, Chancellor of the Exchequer, on Monday must, too, be credited with some responsibility for the indecision shown by the markets. The total national expenditure for the nine weeks from Oct. 8 to Dec. 9 last, the Chancellor said, represented a daily average of \$33,075,000. For the five weeks from April 1 to May 5 1917 the daily average of expenditures rose to \$39,855,000, while for the five weeks from May 6 to June 9 it was \$37,660,000. For the ten weeks from April 1 to June 9 the average was \$38,760,000 daily. The expenditure of the United Kingdom for last week was £33,279,000 and the revenue £7,989,000. Outstanding Treasury bills increased £2,859,000, indicating success for the policy of daily sales on the fixed rate of  $4\frac{1}{2}\%$ . The revenue shows a reduction of £326,000 from last week.

Commenting on the success of our war loan, the London "Times" on Monday referred to it as having great significance and as being only an earnest of what is still to come. The "Times," however, suggests that danger for England is contained in the English money situation. "It would be a short-sighted view of our own money market," it says, "to ignore the fact that an unexampled drain on the monetary resources of the United States may still affect it in ways not immediately obvious to those who regard the Liberty Loan merely as supplying cheap money for Allied war chests." "Confident as we may well be, however, in the financial strength of the United States," continues the "Times," "let nobody here be so foolish as to think everything has been made plain sailing for us in the matter of money by American co-operation. It is no substitute for the efforts called for from ourselves, and yet there is some danger of slackness here, not only among the public, but through the idea that a provision of American money relieves us of much of our own responsibility. If will do that, we firmly believe, but only by willing co-operation, which will need unchecked assistance in our own effort."

British bankers have been watching the money situation most carefully in view of the sale of Treasury bills daily by the Treasury. Two conferences were held by London bankers to consider whether they should not in turn follow the Government's action by some movement of their own. It was decided to defer any reduction of the interest paid on deposits to the public and defer also establishing a new rate for loans granted to the money market, the latter still being  $4\frac{1}{2}\%$ . Credit dealers have not been able to purchase credit bills at the Government's quotation. The whole matter seems to have been

deferred until after to-day, when the half-yearly balance sheets will be adjusted. In some cases, to quote one correspondent, deposits have not fully recovered from the effect of war loan subscriptions, and the banks desire to avoid further depletion for the present.

A feature in London has been the demand for shipping shares, especially those for the Cunard, Royal Mail, Peninsular & Oriental and Furness-Withey companies. The demand has been accompanied by a revival of confident rumors regarding an important working agreement between the large lines to increase the strength of British shipping against post-bellum competition. The British Trade Corporation's prospectus has been issued. It offers £2,500,000 in ten-pound shares, one million pounds of which already has been subscribed. Declines in crude rubber prices have been responsible for weakness in the British rubber share market. It is reported that large American rubber buyers, who until recently traded through the British centre, now are buying direct from the plantations. The London Stock Exchange will remain closed from last night until Tuesday morning, the banks having decided to close on Monday in order to enable their depleted staffs to cope with the July coupons. It has been reported that a group of Japanese bankers has arranged an issue in Japan of 50 million yen French 6% three-year Exchequer bonds. The Bank of England has reduced its special deposit rate on clearing bank balances to 4% from 4½%. It is felt in Lombard Street quoting the London correspondent of the "Evening Post," that we and our allies should reach a common understanding concerning gold. "The proposition that," the correspondent says, "as compared with the period before the war, the Allies should supply gold enough to raise your base of reserve proportionately to your extension of new credits to the Allies sounds reasonable. But the total sent to you within two years already over-provides for that requirement. It is up to you to prevent either hoarding or unnecessary exports of the metal; otherwise no nation or combination of nations can possibly finance the war on a gold basis, for the attempt might easily overtax the world's supply. Germany alone among the belligerents has literally hoarded gold, and Germany must not be allowed ultimately to profit by that fact."

It is of interest to note, while on this point, that no less than \$765,000,000 in gold—the largest amount ever stored at one time in one place, so the Government officials say—is in the vaults of the New York Assay Office. This statement is made on the authority of Edward P. Leech, the head of the committee, that is making the annual audit for the Government in this city. The gold consists of bullion and of British, French and American coin.

French war expenses also are increasing. France will require for the third quarter's war expenses \$1,968,600,000, or about \$43,600,000 more than for the second quarter of 1917. This will make total appropriations for the 38 months \$19,766,400,000. These are the totals submitted to the Senate by the General Reporter of the Appropriations Committee. More than 20% of the appropriations that already have been made have not yet been disbursed, although they have been allocated. Upward of \$1,200,000,000 of the total has been advanced to France's allies. The French Senate has this week

adopted a bill which already has been passed by the Chamber of Deputies taxing those who have earned exceptional profits in consequence of the war. Demands are being made at various parts of France for State control of cotton and the suppression of speculation. These demands have followed the closing of the Havre Cotton Exchange by the Minister of Commerce. Hoarding by foreign speculators and non-professionals is blamed for the high prices. One computation published in Paris shows that in July 1914 the price of 110 lbs. of cotton at Havre was approximately \$16 and at Liverpool it was a few cents lower. But in May 1917 the price at Havre was \$44, while it was \$29 at Liverpool. England thus was able, despite the duty, to undersell in France to French manufacturers who already were handicapped by the coal shortage and the German occupation of the textile districts in Northern France. The French prosecutor in Havre is investigating the subject. French colonial exportations have almost stopped and an industrial crisis is threatened with the textile employees out of work.

The French Minister of the Interior, M. Malvy, has, in response to a request of the Cabinet, addressed the prefects of all departments in France, instructing them to forbid the sale at retail of spirituous liquors testing over 18 degrees of alcohol in cafes and saloons except during the hours when the principal meals are served. Adult males will be able to procure liquors during those hours, but women and minors under 18 years will be unable to get them at any hour. Excluded from the scope of the regulations are beer, wines, cider, imitation wines and liquors and all other aromatic wines with not more than 18% of alcohol, and liquors prepared from fresh fruits with not more than 23% of alcohol.

\* The German Reichstag will resume its sitting July 5 and a new credit of 15,000,000,000 marks will be asked. The session is expected to occupy a week or ten days. Intimations a week ago that Germany had determined to improve the exchange valuation of the mark by the exportation of gold to neutral countries prove to have been well founded. The statement of the Imperial Bank as of June 23 shows a decrease of the precious metal of 76,470,000 marks, or slightly over \$19,000,000 at the normal rate of exchange. A dispatch cabled from The Hague declares that the exchange rate of the German mark in Holland rose on Wednesday to 33.95 guilders, but does not furnish data as to the extent of the rise. However, a rate of 33.95 guilders per 100 German marks figures out a depreciation of about 43%, against a depreciation of about 47½% indicated by German exchange in Amsterdam last week. Thus the improvement is substantial as a result of the gold exportations, though, of course, it is impossible under these circumstances to arrive at any completely accurate comparison. It is figured, for instance, that when war was declared between our own country and Germany the German mark was ruling at a discount in New York of approximately 27%.

An organization known as the German Society for Bourse Interests is said to have petitioned the Prussian Minister of Commerce to re-establish official quotations on the Berlin Stock Exchange, on the ground that the reasons which at the beginning of the war dictated suspension of the quotations are no longer valid. The "Tageblatt" re-



marks that the German Government's standpoint hitherto has been that official business would not be permitted in war time because it might interfere with the more important business of war finance. On the other hand, open market transactions admittedly led to all sorts of abuses which resumption of official control would abolish.

There has been no change in official rates at leading European centres from 5% in London, Paris, Berlin, Vienna and Copenhagen; 5½% in Italy, Portugal and Norway; 6% in Petrograd, and 4½% in Switzerland, Holland and Spain. In London the private bank rate continues to be quoted at 4½% for sixty and ninety-day bills. No reports have been received by cable of open market rates at other European centres, so far as we have been able to learn. Call money in London remains as heretofore at 4@4½%.

The Bank of England announces an additional gain in its gold item of £900,100, while the total reserve was increased £340,000, there having been an expansion in note circulation of £560,000. The proportion of reserve to liabilities advanced to 22.27%—the highest percentage yet attained this year—and compares with 21.37% last week and 28.20% a year ago. Public deposits showed the further substantial reduction of £10,979,000. Other deposits, however, were increased £5,670,000, while Government securities expanded £40,000. Loans (other securities) were reduced £5,662,000. Threadneedle Street's holdings of gold aggregate £57,534,874, comparing with £61,379,728 a year ago and £52,091,894 in 1915. Reserves total £36,585,000, against £43,930,498 in 1916 and £35,905,614 the preceding year. Loans now stand at £100,225,000. This compares with £87,312,762 and £152,914,703 one and two years ago, respectively. The Bank reports as of June 23 the amount of currency notes outstanding as £144,041,830, as against £143,933,073 last week. The amount of gold held for the redemption of such notes remains at £28,500,000. Our special correspondent is no longer able to give details by cable of the gold movement into and out of the Bank for the Bank week, inasmuch as the Bank has discontinued such reports. We append a tabular statement of comparisons:

BANK OF ENGLAND'S COMPARATIVE STATEMENT.

	1917. June 27.	1916. June 25.	1915. June 30.	1914. July 1.	1913. July 2.
	£	£	£	£	£
Circulation.....	39,399,000	35,899,230	34,636,280	29,784,295	29,629,020
Public deposits....	39,163,000	49,278,577	81,514,428	17,071,618	14,737,272
Other deposits....	125,126,000	109,371,462	140,654,115	54,550,853	46,033,003
Govt. securities....	45,270,000	42,187,454	51,043,491	11,005,126	12,756,505
Other securities....	100,225,000	87,312,762	152,914,703	49,692,774	40,661,622
Reserve notes & coin	36,585,000	43,930,498	35,905,614	28,748,502	23,807,668
Coin and bullion...	57,534,874	61,379,728	52,091,894	40,082,797	37,047,586
Proportion of reserve to liabilities.....	22.27%	28.20%	16.12%	46.12%	42.00%
Bank rate.....	5%	5%	5%	3%	4½%

A further increase in its gold holdings is registered by the Bank of France, namely 3,010,175 francs. This brings the total (including 2,034,774,675 francs held abroad) to 5,288,020,000 francs, comparing with 4,763,256,765 francs (of which 271,055,668 francs were held abroad) in the corresponding week a year ago, and 3,931,549,695 francs (all in vault) in 1915. Silver holdings registered an increase of 1,307,000 francs. Note circulation was expanded 45,180,000 francs. General deposits showed the large increase of 141,028,000 francs, while bills discounted were increased 66,102,000 francs. Treasury

deposits declined 77,818,000 francs and the Bank's advances were reduced 31,015,000 francs. Note circulation totals 19,823,106,000 francs, comparing with 15,805,654,730 francs a year ago and 12,215,846,795 francs in 1915. Comparisons of the various items with the statement of last week and the corresponding dates in 1916 and 1915 follow:

BANK OF FRANCE'S COMPARATIVE STATEMENT.

	Changes for Week.	June 28 1917.	Status as of June 29 1916.	July 1 1915.
	Francs.	Francs.	Francs.	Francs.
Gold Holdings—				
In Bank.....	Inc. 3,010,175	3,253,245,325	4,492,201,096	3,931,549,695
Abroad.....	No change	2,034,774,675	271,055,668	—
Total.....	Inc. 3,010,175	5,288,020,000	4,763,256,765	3,931,549,695
Silver.....	Inc. 1,307,000	259,983,000	343,953,617	371,571,399
Discounts.....	Inc. 66,102,000	555,914,000	447,896,910	270,510,611
Advances.....	Dec. 31,015,000	1,132,239,000	1,206,031,145	624,321,677
Note circulation... Inc.	45,180,000	19,823,106,000	15,805,654,730	12,215,846,795
Treasury deposits... Dec.	77,818,000	33,508,000	38,276,987	82,013,835
General deposits... Inc.	141,028,000	2,833,466,000	2,272,642,760	2,366,243,066

This week's statement of the Imperial Bank of Germany, issued as of June 23, shows some important changes, among them a heavy reduction in the gold item, viz., 76,470,000 marks, indicating as we show in a preceding paragraph, exports of the precious metal for the purpose of steadying Berlin exchange in neutral countries. Total coin and bullion declined 67,655,000 marks; Treasury notes increased 3,404,000 marks; bills discounted advanced 112,081,000 marks; advances were reduced 1,521,000 marks; investments expanded 3,135,000 marks; other securities registered the substantial increase of 282,630,000 marks. Notes in circulation declined 4,288,000 marks, while deposits recorded the large decline of 331,974,000 marks. Other liabilities were increased 6,062,000 marks. The German Bank's gold holdings total 2,456,883,000 marks, as against 2,465,180,000 marks in 1916 and 2,384,580,000 marks the year preceding. Loans and discounts aggregate 9,112,016,000 marks, which compares with 6,135,700,000 marks last year, and 4,235,140,000 marks in 1915. Circulation is 8,219,742,000 marks. At the corresponding date a year ago the total was 6,634,140,000 marks and in 1915 5,224,920,000 marks.

The weekly statement of New York associated banks and trust companies, issued last Saturday, again showed radical changes in its principal items, largely, of course, as a result of the unusually heavy demands for funds which may be expected to meet the payment of the first installment to the Government's war loan as well as preparations for the July dividends and interest disbursements. Reserves were substantially reduced, as also were deposits. Loans decreased \$54,836,000. Net demand deposits registered the large decrease of \$157,863,000, although net time deposits expanded \$1,171,000. Reserves in "own vaults" were reduced \$52,586,000, bringing the total to \$295,111,000, of which \$253,744,000 is specie. This compares with \$449,914,000 a year ago, including \$377,931,000 in specie. Reserves in Federal Reserve vaults increased \$12,387,000, to \$277,301,000, against \$161,451,000 in 1916. The reserve in other depositories was decreased \$172,000, to \$56,451,000, as compared with \$58,832,000 the previous year. Circulation is now \$29,669,000, an increase of \$26,000. The aggregate reserve declined \$40,371,000, to \$628,863,000, which contrasts with \$670,197,000 held at this date last year. Reserve requirements, however, were reduced \$28,147,480; hence the loss in surplus reserve was only \$12,223,520, which carried the total of excess

reserves down to \$41,827,230, the smallest total held since the establishment of the Federal Reserve Bank, with the exception of that reported on Dec. 2 1916, which fell to \$41,001,000. At the same time in 1916 the amount on hand was \$109,502,410.

In the closing week of the month apprehension has been frequently displayed in local money circles. On Thursday the 18% installment of the war loan was paid, requiring advance preparations by the banks, who, as we showed last week, were at the same time under the necessity of preparing for the July dividend and interest disbursements which this year will reach a new high monthly record. On Wednesday, however, intimation was given that the banks would be permitted to carry on deposit the payments for the loan made through them. In addition, the Federal Reserve Bank at New York deposited with local banks \$128,000,000 of Government funds, most of which represented Liberty Loan deposits or preliminary payments. These funds were distributed among about 250 institutions that had been approved as depositaries in this district, no distinction being made between institutions which are or are not members of the Reserve system. The depositaries pay the Government 2% interest and are under no obligation to keep reserves against specific Government deposits on account of the Liberty Loan. The distribution of these funds relieved the tenseness of the situation, and on Wednesday call loans on the Stock Exchange, which had been passing at a fixed rate of 6%, declined as low as 2%, while on Thursday 5% was the highest figure and most loans were at that rate. Loan renewals on Friday were at 4½%. The feeling at the close of business yesterday was that the most severe part of the current strain had been successfully negotiated and that, while a return of easy rates can hardly be expected for some time "the worst" had been experienced. There undoubtedly have been substantial out-and-out Liberty Loan payments by large and small interests who do not desire to take advantage of the installment privilege. Another influence that had much to do with relieving the banking strain was the active importation of gold, the British Treasury having sent an additional \$24,300,000 to this centre from Canada, making the total since Monday of last week \$97,231,000. It appears that last week's amount included a \$11,000,000 importation reported in duplicate; hence a revision of the total is necessary. The New York Clearing House Association has adopted a resolution providing that reserve requirements for its members should be in accordance with the percentage required under the Federal Reserve law as amended on June 21 last, or (in the case of State institutions) as required by State laws. The new basis of calculating reserves by the Clearing House banks will not go into effect on the bank statement until next week. The existing form of the bank statement will not be changed, except that the legal reserve will be considered as 13% of demand deposits and 3% of time deposits, instead of 18% and 5%, respectively, for the member banks. The banks will still continue to regard vault cash as part of their reserves.

Dealing with specific money rates, loans on call covered a range of 2@6%, as compared with 4@6% last week. On Monday and Tuesday there was no range, 6% being the only rate quoted. Wednesday

a minimum of 2% was recorded, although the high and ruling figure was still 6%. On Thursday 5% was the maximum and also the basis for renewals, while the low was 4%. Friday's range was 3@4½% and 4½% for renewals.

Time money ruled firm and practically unchanged until Wednesday, when the Federal Reserve Bank's deposit of \$128,000,000 in New York banks relieved the tension. Then an easier tone developed. All maturities from sixty days to six months are now quoted at 4½@5%, as compared with 5@5½% last week. Funds were more plentiful, but business continued quiet. A year ago sixty-day money was quoted at 3¼@3½%, ninety days and four months at 3½@3¾%, and five and six months at 3¾@4%. Commercial paper discounts likewise showed declines in sympathy with general relaxation in the money market and sixty and ninety days' endorsed bills receivable and six months' names of choice character, after having advanced to 5½@5¾% during the earlier part of the week, receded to 5@5¼%, with names less well known at 5½%. This compares with 5@5¼% and 5¼@5½%, respectively, a week ago. Trading was extremely restricted, however, and rates practically nominal.

Banks' and bankers' acceptances towards the close of the week also eased off and general reductions in quotations were recorded, although the market was not active. The belief is expressed that broader operations may be looked for next month. Detailed rates were as follows:

	Spot Delivery			Delivery within 30 Days.
	Ninety Days.	Sixty Days.	Thirty Days.	
Eligible bills of member banks	3¼@3½	3 1-16@3¼	3 3-16@3¼	3¼ bid
Eligible bills of non-member banks	3¼@3 9-16	3 11-16@3¼	3½@3¾	4 bid
Ineligible bills	5@4½	4¾@4¼	4¾@4	5½ bid

No changes in rates were announced this week by any of the Federal Reserve banks, as far as our knowledge goes. Prevailing rates for various classes of paper at the different Reserve banks are shown in the following:

DISCOUNT RATES OF FEDERAL RESERVE BANKS.

CLASSES OF DISCOUNTS AND LOANS	Spot Delivery											
	Roxton	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Member Banks, Coll. Loans:												
1 to 15 days' maturity	3½	*3	3½	3	3½	3½	3	3½	3	3	3½	3½
Discounts:												
1 to 15 days' maturity	..	3	3	3½	3½	3½	3½	3½	4	4	3½	3½
16 to 30 "	..	4	4	4	4	4	4	4	4	4	4½	4
31 to 60 "	..	4	4	4	4	4	4	4	4	4	4½	4
61 to 90 "	..	4	4	4	4½	4	4½	4½	4	4½	4½	4½
Agricultural and Live-Stock Paper—												
91 days to 6 months' maturity	5	5	4½	5	4½	5	5	5	5	5	5	5½
Trade Acceptances—												
1 to 30 days' maturity	3½	3½	3½	3	3½	3½	3½	3½	3½	4	3½	3½
31 to 60 "	..	3½	3½	3½	3½	3½	3½	3½	3½	4	3½	3½
61 to 90 "	..	3½	3½	3½	4	3½	3½	3½	4	4	3½	3½
Commodity Paper—												
1 to 90 days' maturity	4	..	3½	4	3½	3½	..	3½	4	4	3½	3½

Note.—Rate for bankers' acceptances, 2½% to 4%. For notes, drafts and bills of exchange issued or drawn for the purpose of buying or carrying bonds, notes or certificates of indebtedness of the U. S., and secured thereby, having a maturity at time of discount of not more than 90 days, 3½%. \* Rate of 2% to 3% on member banks' 1-day collateral notes in connection with the loan operations of the Government. The rate last week had been 2% to 4%.

With literally not a single change in rates for sterling exchange throughout the entire week, there is no occasion for extended review. Additional gold has been forwarded to New York from Canada by the British Treasury to the amount of \$24,300,000, making a total of \$97,231,000 for the current movement. Exports of merchandise are keeping up on an extensive scale, the submarine activities apparently exercising slight restraining influence. Imports, too, are increasing. The May figures of imports being, in fact, the highest of any month since the war began, namely, \$280,561,964, against \$253,925,966 in April and \$270,257,139 in March and \$229,188,957 in May

of last year. We refer to our foreign trade movement in greater detail in a preceding paragraph. This week's export engagements of gold have aggregated \$11,648,000, including \$1,450,000 to Spain and \$9,198,000 to Japan.

As to quotations in detail, sterling on Saturday continued to rule at Friday's levels, namely 4 75<sup>3</sup>/<sub>8</sub> for demand, 4 76 7-16 for cable transfers and 4 72 for sixty days. On Monday the volume of business transacted was small, and rates were unchanged; demand was still quoted at 4 75<sup>3</sup>/<sub>8</sub>, cable transfers at 4 76 7-16 and sixty days at 4 72. The arrival of an additional consignment of gold on Tuesday, while undoubtedly exercising a steadying influence, was without appreciable effect upon sterling rates which remained pegged at the preceding day's levels. Wednesday's market was a dull affair, with rates still at 4 75<sup>3</sup>/<sub>8</sub> for demand, 4 76 7-16 for cable transfers and 4 72 for sixty days. Extreme dullness featured dealings on Thursday and at times business was almost at a standstill; in keeping with this, quotations were steady and still without change. On Friday the market ruled quiet, but firm, with demand bills quoted as heretofore at 4 75<sup>3</sup>/<sub>8</sub>, cable transfers at 4 76 7-16 and sixty days at 4 72. Closing quotations were 4 72 for sixty days, demand at 4 75<sup>3</sup>/<sub>8</sub> and cable transfers at 4 76 7-16. Commercial sight finished at 4 75<sup>1</sup>/<sub>4</sub>, sixty days at 4 71<sup>1</sup>/<sub>8</sub>, ninety days at 4 69<sup>1</sup>/<sub>8</sub>, documents for payment (sixty days) at 4 71<sup>1</sup>/<sub>8</sub> and seven-day grain bills at 4 74<sup>1</sup>/<sub>2</sub>. Cotton and grain for payment closed at 4 75<sup>1</sup>/<sub>4</sub>.

This week's operations in the continental exchanges have been largely professional in character and confined within narrow limits. Fluctuations, except in one or two instances, were without significance, and the tone, at least as regards the belligerent countries, was irregular. As for rubles, notwithstanding that all indications point to a steady and satisfying improvement in both political and economic conditions in Russia and that the outlook for Russia's re-entry into the war upon an active scale in the immediate future is seemingly becoming more assured, the quotation again turned weak and touched a new low point of 22.60 for checks. The weakness was attributed mainly to a pressure of Russian offerings upon an unresponsive market, large operators still evincing some hesitancy in entering upon new commitments in that quarter in view of the momentous developments now pending. Exchange on Rome attracted some attention by a sudden and sharp recovery from the severe declines of the previous week, chiefly as a result of supporting orders on the part of a large banking institution and the understanding that additional financial aid is soon to be furnished Italy by this Government. Lire moved up to 7.18 for checks, an advance of no less than 22 points, but closed at 7.26. Francs were about steady, though trading was light and quotations little more than nominal. All dealings in German and Austrian exchange of necessity remain suspended and quotations are not obtainable. The sterling check rate on Paris finished at 27.18 (unchanged). In New York sight bills on the French centre closed at 5 75<sup>7</sup>/<sub>8</sub>, against 5 76<sup>1</sup>/<sub>2</sub>; cables at 5 74<sup>7</sup>/<sub>8</sub>, against 5 75<sup>1</sup>/<sub>2</sub>; commercial sight at 5 76<sup>1</sup>/<sub>2</sub>, against 5 77<sup>3</sup>/<sub>4</sub>, and commercial sixty days at 5 81<sup>1</sup>/<sub>8</sub>, against 5 83<sup>3</sup>/<sub>4</sub> the week preceding. Reichsmarks, no quotations. Kronen, no quotations. Lire finished at 7 26 for bankers' sight and

7 25 for cables, comparing with 7 40 and 7 39 a week ago. Rubles closed at 22.60, as against 23.30 last week.

Very little business is passing in the neutral exchanges, although rates were well maintained and in the case of Swiss francs a further advance to 4 83 for checks was recorded. This compares with the recently prevailing levels of 5 18 and 5 17 for sight and cables a few weeks ago, and is attributed to the persistent shortage in the supply of Swiss exchange. Spanish pesetas ruled firm, at or near the previous close. Scandinavian rates were strong and slightly higher. Guilders, however, remained pegged at current figures. Bankers' sight on Amsterdam closed at 41 3-16, against 41<sup>1</sup>/<sub>4</sub>; cables at 41<sup>1</sup>/<sub>4</sub>, against 4 13-16; commercial sight at 40 13-16, against 40 13-16, and commercial sixty days at 40<sup>1</sup>/<sub>2</sub>, against 40<sup>1</sup>/<sub>2</sub> last week. Swiss exchange finished at 4 83 for bankers' sight and 4 82 for cables, as contrasted with 4 89 and 4 88 the previous week. Greek exchange (which is now hardly neutral) continues to be quoted at 5 03<sup>3</sup>/<sub>4</sub>. Copenhagen checks closed at 28 95, against 28.85. Checks on Sweden finished at 30 00, as compared with 30 00, and checks on Norway finished at 29 25, against 29 30 a week ago. Spanish pesetas closed at 23 25. This compares with 23 30 last week's final quotation.

The New York Clearing House banks, in their operations with interior banking institutions, have gained \$1,257,000 net in cash as a result of the currency movements for the week ending June 29. Their receipts from the interior have aggregated \$8,341,000, while the shipments have reached \$7,084,000. Adding the Sub-Treasury and Federal Reserve operations and the gold imports and exports, which together occasioned a loss of \$73,015,000, the combined result of the flow of money into and out of the New York banks for the week appears to have been a loss of \$71,758,000, as follows:

Week ending June 29.	Into Banks.	Out of Banks.	Net Change in Bank Holdings.
Bank's interior movement.....	\$8,341,000	\$7,084,000	Gain \$1,257,000
Sub-Treasury and Fed. Reserve operations and gold imports & exports.....	52,034,000	125,049,000	Loss 73,015,000
Total.....	\$60,375,000	\$132,133,000	Loss \$71,758,000

The following table indicates the amount of bullion in the principal European banks:

Banks of	June 28 1917.			June 29 1916.		
	Gold.	Silver.	Total.	Gold.	Silver.	Total.
England..	£ 57,534,874	£ -----	£ 57,534,874	£ 61,379,728	£ -----	£ 61,379,728
France.. a	130,129,813	10,400,000	140,529,813	100,530,250	13,758,160	204,288,440
Germany..	122,344,150	2,932,100	125,276,250	123,258,700	1,743,250	125,001,950
Russia *..	148,117,000	11,997,000	160,114,000	153,997,000	6,806,000	160,803,000
Aus-Hung..	51,578,000	12,140,000	63,718,000	51,578,000	12,140,000	63,718,000
Spain.....	60,347,000	30,166,000	90,513,000	41,161,000	30,604,000	71,765,000
Italy.....	33,364,000	2,596,000	35,960,000	30,657,000	3,946,000	43,603,000
Netherl'de	50,560,000	631,100	51,191,100	45,718,000	634,000	46,352,000
Nat. Bel. h	15,380,000	600,000	15,980,000	15,380,000	600,000	15,980,000
Switz'land	13,670,300	-----	13,670,300	10,197,300	-----	10,197,300
Sweden..	11,273,000	-----	11,273,000	9,235,000	-----	9,235,000
Denmark..	9,006,000	136,000	9,142,000	8,013,000	229,000	8,242,000
Norway..	7,160,000	-----	7,160,000	6,536,000	-----	6,536,000
Tot. week..	711,954,137	71,598,200	783,552,337	766,631,008	70,461,010	827,092,018
Prev. week..	712,385,130	70,902,650	783,287,780	756,960,356	70,439,970	827,400,326

a Gold holdings of the Bank of France this year are exclusive of £81,390,987 held abroad.  
 \* The gold holdings of the Bank of Russia for both years in the above statement have been revised by eliminating the so-called gold balance held abroad. On the latest reported date, the amount so held, £211,880,000.  
 c July 30 1914 in both years. h Aug. 6 1914 in both years.

OUR GOVERNMENT'S ADVANCES TO ITS ALLIES.

It is well known that the two-billion-dollar Liberty Loan was issued at this particular time to provide primarily, not for our own immediate war expenditure but for our Government's loans to our allies. These payments were, in fact, the first actual war

expenditure of the United States Government; advances to Great Britain especially, to provide for purchases of military supplies in this country, began immediately after the enactment of the bond issue law in the third week of last April. The various issues of short-term Treasury certificates of indebtedness placed with the banks were put out in order to raise the funds for these advances.

The additional loans made to England and France on Tuesday of this week raised the total advances of our Government to the Allies, since we ourselves entered the war, to slightly over \$1,000,000,000. The reaching of this traditional landmark suggests some consideration of the very remarkable situation which these operations are creating in international finances. They are not subsidies, as in the case of England's famous advances to its Continental allies during the Napoleonic wars. The bond issue law of April 24 provides that the Treasury be authorized, "on behalf of the United States, to purchase at par from such foreign governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this Act."

This was more explicit than in the case of the British Government's advances to its allies between August 1914 and the present time, which are estimated to amount to about \$4,500,000,000. The British Exchequer announced to Parliament its general purpose of making such advances; but, if we remember rightly, there was no specific statute authorizing or defining the character of these loans. It has, however, been assumed by the British Treasury that such loans were offset by obligations of the borrowing Allies, with the exception of Belgium.

It has also been argued by English financial writers that not only would the payment of interest by the borrowing Governments offset the service of England's own public debt incurred for such advances, but that the amount of England's public indebtedness, calculated as at the end of the war, should properly be reduced by allowance for the amounts thus due from other nations. In our own case, we do not know how specific are the arrangements made by our Treasury for interest payment on the bonds of the Allies which, according to the theory of the statute, we have purchased. But there can be no doubt of the enormously large credits which our Government, like England, will possess at the end of the war, as against these other nations.

It will be a situation wholly without precedent in history. Governments have heretofore guaranteed loans of other Governments, though very rarely, and usually in the case of colonies or dependencies over whose political and financial affairs some supervision could be exercised. To what extent these advances of our own Government will turn out to have been economically wise is a somewhat open question. All of the loans have been made on the stipulation that the proceeds be expended in purchase of materials from our markets, and in that respect our economic interests are perhaps better guarded than are those of England in its similar advances. But even so, the questions remain, first, whether the loans will actually be paid at maturity, and second, what will be the nature of the international financial situation thus created, after the war.

Of the one billion dollar advances thus far made to our Allies, \$550,000,000 went to England and \$210,000,000 to France. Those may be regarded as safe investments, since the open investment market evidently so regarded the even larger borrowings by the same Powers in 1916 and 1915. With the \$100,000,000 loan to Italy the prospect, though not so good, is still reasonably favorable. But of the \$100,000,000 advanced to Russia it certainly must be admitted that the market's own verdict is not optimistic; since the Imperial Russian 5½% bonds, due in December 1921 have this week sold on the curb for less than 70—a price which Wall Street, in the case of a railway short-term note would call a "receivership basis." As for the \$45,000,000 advanced to Belgium and the \$3,000,000 to Serbia, the value of these is entirely a matter of conjecture. So it would be if hereafter we were to make advances to Rumania, for example.

The question of the governmental relations which will follow these unprecedented fiscal transactions is difficult to determine. The framers of the bond issue law undertook in a general way to provide for that later period. They stipulated that the Secretary of the Treasury should be authorized "to receive, on or before maturity, payment for any obligation of such foreign Governments purchased on behalf of the United States, and to sell at not less than the purchase price any of such obligations, and to apply the proceeds thereof, and any payments made by foreign Governments on account of their said obligations, to the redemption or purchase at not more than par and accrued interest of any bonds of the United States issued under authority of this Act."

This opens at least a conceivable means of eventually straightening out the anomalous situation which would have arisen from one Government being the creditor of half a dozen others, and at a time when the resources of those other Governments were most severely burdened by the financial exhaustion of war and the problem of rehabilitation. That the obligations of England and France might at no very remote period be thus disposed of by the Treasury is conceivable. Yet it must be observed that the law authorizes sale of them only at the issue price—that is to say, as matters now stand, they cannot be marketed except as a 3½% bond sold at par. No prospect seems immediately in sight for loans even of those Governments to command such a price with investors. England would in all probability take early measures to redeem the British obligations held by our Treasury, and to terminate what in its essence must be a humiliating position to the central money market of the world. But the prospect for marketing the obligations of the smaller Powers in the hands of our Treasury, or for their voluntary redemption, is not altogether bright.

The strong probability is that a new international situation will be found to exist, as a result of this war financing, that it will continue for many years after the war is over, and that it will create many new precedents for international relations. No doubt that situation will be bound up and associated with the new arrangements of international commerce and industry which may easily be evolved during the period of economic reconstruction. But as to the nature of these possible arrangements, it is far too early to predict. No one ventures even to

say what will be the nature of the world-wide economic situation itself. Perhaps the one reassuring consideration, outside of the fact that the United States has been performing with the utmost magnanimity its duty to civilization, lies in the further fact that this display of our financial and economic power, and our retention of it after the war, will go far toward guaranteeing our position as a world money market. Certainly that was the result of the English subsidies to Europe during the Napoleonic wars—whose amount was almost as great, judged by the ideas of that time, as our own advances to our Allies are likely to be on this occasion.

"E PLURIBUS UNUM"—A LESSON OF  
THE WAR LOAN.

Interesting analyses of the actual composition of the two billion dollar war loan were to be expected and were forthcoming. It was an unprecedented financial undertaking, and was carried to a signal success.

A pleasing aspect of the loan, as we view it, is that it manifests a disposition to subordinate individual feelings, opinions and interests to the common good. The unity of the world will be of little avail if we are to become divided at home. Now and then there appears a slight tendency in the consideration of war matters to refer to sections of the country in an invidious way. That Atlantic Coast States should be more aroused than those of the interior is but natural and indicates no lack of true patriotism. The eyes of the Eastern seaboard are turned to the East—to Europe. Their business interests with that region are intimate, and now in much confusion. In fact, as a nation, our long coast line is at once a strength and a weakness. There can be no doubt the commercial instinct incites and suggests both thought and feeling. And one fault of all our reasoning upon the complications of the present situation of world affairs, and of our own, is that we fail to contrast the extent of our country with that of European States. Compare the State of Texas with Germany; California or Illinois with France; New England with old England. Yet, at this very hour, as evidenced by this loan, the unity and unanimity of the people are remarkable. Why, if our people and our States were divided and in arms, we could stage a greater conflict than this world-war upon our own soil. Not in numbers engaged, but in territory involved. In our thought we should make allowance for this. Our sundering differences are really negligible. And while it is a duty to discuss means and methods, to hold opinions and express them upon our national welfare, we know how to give our support to the general judgment, once it is clearly expressed, and to submit to the will of the majority, when that majority has plainly spoken.

We are recreant to the responsibilities and trust of citizenship when we give scant consideration to our national problems and destiny. We waste time in criticism for its own sake. We learn by honest interchange of opinion on processes and policies. And we draw near to each other when we turn our minds intensively upon our own problems. Before us lies a pathway beset by numerous difficulties and trials. Let us indulge in no vainglorious boasting about what *we* have done; let us make no invidious comparisons; let us be honest and frank, one with another. To even distribute equally the burdens of

this war is a Herculean task. To conduct it in a way to meet the outspoken approval of all is well-nigh impossible. But our freedom of speech and opinion carries with it mutual respect, and in the end mutual support, not mutual suppression. Let us never invade one business at the expense of another; let us not dry up the wells of our wealth; let us not sow the seeds of future sectional rancor and division. For above us shines the glorious aegis of our own republic—and to that may our devotion never die.

We look upon our vast country, and it fronts two great oceans. Favored our egress to the world. No problem of narrow neutral waterways is ours. We look again, and two great mountain chains rise from our shores, but they interpose no physical barriers to our domestic intercourse, rather are they the friendly water-sheds which furnish us a fertile interior unsurpassed. No two of our States have the same shape, extent or topography. A dual form of government is constantly at work to provide the largest liberty and security for all. Differences of jurisdiction are constantly being harmonized to meet the needs of progress. Both forms of government have powers and purposes which can be transcended only at the peril of our unity and our democratic ideal. And just as sectional jealousies, in the far future view, might divide us into warring territories, so indifference to the limitations and requirements of a representative democracy may destroy it.

CIVIL VS. MILITARY RULE—WAR POWERS  
SHOULD BE RIGIDLY LIMITED.

No higher duty devolves upon the citizen at this historic time than that of defining his own democracy. We use the term, of course, in its broad sense. Never was the call of patriotism greater.

But to what? My country "right or wrong" is not enough. There is the thrill of home and country. And we sing "My Country, 'tis of Thee," and "Long may it wave, o'er the land of the free and the home of the brave." But there is something more. Partisan politics we forego; sectionalism we bury. And still democracy is undefined.

Unless, as loyal citizens, we give it definite meaning, are we not in danger of following a dream into defeat? And by this we mean it is possible to gain the whole world and lose our own soul. For, while our Government is not perfect, and is subject to change in its material expression or machinery, change provided for under our Constitution, in principle we hold, do we not, that it is the *best form of government upon the face of the earth*? Therefore, our paramount duty is to preserve it *as it is*, no matter what exigencies confront us. And we hold it to be a representative democracy in which all power resides in the people, and is delegated by them, through accepted provisional ways of common consent, to all its public servants.

We must not be, we feel that we will not be, charged with raising a partisan issue, when we recall that there have always been two political parties in this country, holding somewhat opposite theories of our Government: the Democratic, believing in the largest measure of local self-government and personal liberty consistent with the public welfare; the Republican, believing in a "strong, centralized" Government, national in character, and perpetually independent in unity. These tendencies, influences, or forces, as you may term them, have been called centrifugal and centripetal, and in their operation

have, speaking largely, preserved us from drifting too far in either direction. While we do not attempt exact definitions of parties, we have suggested the line of cleavage.

At no time in the past—we feel that the statement is fair—have these influences operated on other than our civil affairs. We have engaged in wars, but they have been conducted separate and apart from our civil government. Not even when "imperialism" became an issue, through the acquisition of the Philippines, did we confuse civil with military rule. We have always regarded military force as essentially subservient to civil rule and rights. And though the Republican party has consistently advocated more centralized power in the national Government and in its executive branch, the Democratic party as consistently withholding it, the one leaning to an enlarged national control of affairs and the other to restricted State control, the dead line which neither has ever dared to cross is *investing the Chief Executive of the nation with powers the exercise of which would render this office superior to and independent of the civil rule of the people*, and destroy its coordinate relation to the legislative and judicial departments of the Government.

Thus, when Federal commissions have been created, whatever may have been the effect, the Republican party has never declared them to be independent of Congress and the courts; while on the other hand, if the Democratic party has ever had a cardinal principle, it may be said that opposition to sumptuary laws is one of them. And to-day, Senator Lodge, from rock-ribbed Republican New England, and Senator Reed, from a Democratic State of the South and West, that once boasted a "beastly" majority, unite their voices in the Senate of the United States in opposition to the creation of a food dictator, or "administrator," by another name, to be appointed by the President, with practically unlimited powers, and really responsible to no one but himself, unless possibly it be to his master, by virtue of his appointment. And just here is the dead line which the "Administration" seeks to cross. On one side of the line, these opponents contend, lies democracy, on the other autocracy.

Here, then, wediscover a definition of democracy in which there is no partisan politics—there are civil rights which not even Congress can invade or destroy, nor the President, or his appointee, assume control or direct—they belong to the people, and it is the prime business of a representative democracy to protect them *in* the people. And as we have repeatedly attempted to point out, "life, liberty and the pursuit of happiness" can only result from labor, to which all the tools of trade inherent in private ownership of property and free domestic commerce are necessary.

What is the occasion of this proposed investment of power which involves a change in the structure of our Government? The claim is put forth that it is necessary to the successful prosecution of a foreign war. Yet that war, it is avowed, is to make the world safe for democracies. Senator Lodge points out that Lincoln fought a successful war, and yet did not come to Congress asking for these powers. We declare it to be the very essence of true patriotism to define the democracy we have and which we hope to be able to help the States of the world to have. We must not and we dare not thus confuse the civil with the military rule.

Congress has declared war, and it devolves upon the President as Commander-in-Chief of the Army and Navy to prosecute the war. The prosecution of war consists in planning and executing great military campaigns of force against the enemy. Provision is made for securing and training an army and navy. Congress is empowered to provide the means, the money, for maintenance. It has done so, by providing a huge bond sale, two billions of which the people have absorbed; and by taxation, the details of which are not completed. Naturally, Congress, in declaring war, is bound by traditional policies of defense and aggression. The army and navy equipped and ready for service, the President takes the lead and directs its efforts. But his duties here are distinct and apart from those he performs with reference to our civil laws.

Satisfied as to the right and need of the war, all these steps of military procedure are constitutional, and by the same rule all else is extra-constitutional. Whether Congress did or did not exceed its authority in providing and directing loans to "the Allies," it did not declare war for or with "the Allies," it declared war for the United States against the Imperial German Government. Save for processes of raising and maintaining an army and navy, by this act it did not invade or change the domestic life of the people, it left our "democracy" just where it was before the declaration of war, and there it should remain if, indeed, we *have* a democracy and intend to preserve it.

Secretary Lane in an interview extolls President Wilson, incidentally remarking that "democracy is not as efficient as autocracy." He says: "The theory of our Constitution is that the largest possible executive power is to be lodged in the President in time of war, because it was realized by the Constitution makers that some man must be responsible for the *job*, and that this man could be only the President." Precisely so, and the job is prosecuting the actual war. The soldier must obey orders, "his not to reason why," but the civilian in a democracy not in service, in no such sense surrenders his liberty. And when Congress and the civil population have provided the "sinews," the rest devolves on the President-Commander-in-Chief.

Speaking of President Wilson as a man, Secretary Lane says: "He believes now that a Food Control bill is vitally necessary, and he will get it." Well, we do not doubt that he will get it—though in modified form. But what has "food control," beyond providing food by usual means for the army, to do with the preservation of a democratic government with limited powers? Is it not manifest that all these other powers and processes, both as they affect our domestic liberty of life and our foreign State relations, go beyond the constitutional prerogatives, safeguards, and limitations, whether implied or direct, and are a new development arising entirely out of the peculiar conditions under which the present war is conducted, and which yet should not be allowed to transcend constitutional bounds.

We maintain that war has nothing to do with these multiplying invasions of the civil life and personal liberty of the people. The Secretary avers: "There is no use in having free institutions if men who are politically free are to be controlled in their expression of themselves by an arbitrary control of credit. There must be no masters in a democracy except the people, and these can only be masters if they are

masters of themselves." But how can they be masters of themselves with an outside power running their business affairs? How can they be masters of themselves when civilians must take orders from the Commander-in-Chief of the Army when no martial law has been declared anywhere in the country? Why single out the free expression of individual credit as an inviolable right of private life, and condone a food director, administrator or dictator? Why this confusion of the civil with the military, growing constantly more confounded?

Speaking further of President Wilson, Secretary Lane says: "He is a man who knows where he wishes to go, and he has the determination to get there if it is possible, and nothing can stand in his way if his will, backed as it always is by his conscience, makes it possible to reach that end. To such a man it is not a dangerous thing to give great power. He can be depended upon to use it conservatively. He will use whatever power is given to him too conservatively to please many of our people. He would hold in his hand the thunderbolts of Jove, but he would never let one pass from his hands unless he saw that it was vitally necessary." Well, lightning is a hard thing to hold, especially with the bare hands. But granting all this to be true, such investiture of power makes him a "master," and there should be none, says the Secretary, "in a democracy."

The plea that a state of war is justification for all these changes must fall under a true definition of "democracy." Let the war, since it must be war, be prosecuted with vigor. This is indeed the President's "job," because he is the Commander-in-Chief. Behind him Congress and the people have their respective duties and responsibilities. They should not hesitate to assume them to the full, and they will not. But in order that they *may* they must be protected in their civil liberties. And they must have the patriotism to define them and thus preserve to ourselves and to the world "democracy," as it is embodied in our constitutional republic.

#### THE RED CROSS CONTRIBUTIONS.

The Red Cross "week" of eight days properly ended on Monday, but in this city was extended another day in order to bring the city up to its expected quota. The estimate on Tuesday night was that the hundred millions had been passed by some 15%, with the possibility of some further increase when the full returns are in. First and foremost, says Mr. Davison, will come provision for our own soldiers and sailors, wherever they may be. Administration of relief work in France will be taken over. A commission of twenty experts will be sent to Russia to study there the needs of the Russian people and the best means of aiding them. Policies and plans will be made known as they are developed, for the Red Cross belongs to the public and publicity should attach to every movement.

The field is almost without limit, and if the prediction of some that the amount will not last beyond six months proves correct there must be a renewed contribution, for the Red Cross makes its own appeal. Nothing sectional or sectarian or narrow attaches to it. It is economically valuable, for it is prevention and conservation at their best. It is nationally valuable, for it tends to unify nations. It is spiritually valuable, for it tends to uplift mankind. It is a reaction of war, but it must survive war, since its need is perpetual.

Two suggestions may be drawn from these two great recent movements, advertised and carried to every person in the country as no movement has ever been before. A proverb declares that blood is thicker than water, but it is also thicker than wealth and wealth no longer spoils its possessors; it is a temptation, as poverty also is, but the temptation is overcome and the opportunity it brings is used. In this great city, which to the hater of capital represents the utmost of selfishness and greed, the response to the call of the great loan was abundant. Banks and banking houses gave their services, kept open through long hours at the last, spent large sums in advertising, and made large subscriptions; merchants and corporations vied with one another in making it possible for their employees to take shares; retail stores joined in the work; the city was placarded; a popular preacher was sent by a union of banking and manufacturing interests through the South and the far West to arouse the country. As for Wall Street, there is never a day when any genuine human need fails to evoke quick sympathy and aid in and around the Stock Exchange, and in this Red Cross week there has been no warmer and heartier work and answer than in what is called "the financial district."

The ranter against wealth denounces it as an abomination in the hands of those who have it but would call it appropriate and beneficent if it were in his own. But it is beneficent now. Rich men and corporations keep proving their kinship with mankind and their sense of trusteeship by an unceasing stream of benefactions. In this Red Cross campaign, U. S. Steel set the example by a dividend of over five millions, of course made to stockholders, but accompanied with the recommendation that the check be turned over, and the idea was caught up and passed on by corporations in many lines of business until it is now estimated that the "dividends" so transferred will reach as much as 20 millions. Another proverb says that corporations have no souls; at least, the persons composing them are not soulless.

Mr. John D. Rockefeller Jr., as it happens, has just given an example of the spirit of the times and the trusteeship idea about wealth by offering to deed to this city a tract of 50 acres extending from Broadway to the Hudson and bounded generally on the north to Dyckman St., to be dedicated for use as a public park, upon a few reasonable conditions, such as an undertaking by the city to provide \$20,000 for care and maintenance and to ask and support legislation appropriating \$100,000 for development and improvement, the property to be deeded to the Palisades Park Commission. This land comprises several estates, and several parcels in it were acquired by the donor for the purpose now stated and because he has had, from boyhood, the thought of what a fine park this would make. Certainly the city should accept the gift with thanks and comply with the conditions.

A few loud-spoken persons have denounced the present war as a rich men's war, fomented, as to the part of this country the rein, by munitions-makers. Using those common words because they cannot be avoided, it is true that more poor than rich men will take a personal part in it, because the poor outnumber the rich; yet the rich man has no larger personal stake than his poor neighbor; both fall alike under the reach of conscription, and both have responded to the call for volunteers; the fortunes and misfortunes

of the field will treat both impartially. As one example in evidence, one of the most prominent of the young millionaires of New York, inheriting his wealth and bearing a family name which for several generations in this country has stood, in popular estimation, for idle wealth and social pride, turned his yacht over to the Government for patrol duty and is on it himself, taking his chances, and now we read that his young wife, in company with a daughter of another millionaire, has completed a course in Red Cross training and is en route to France as a nurse, the young matron remarking that she does not know just where her husband is but hopes to meet him somewhere in Europe. Is it not timely and just and truthful to lay aside the old class hatred and admit that wealth, like what is called "noble" birth, imposes obligation, and an obligation recognized?

May not too drastic taxation have a reactionary effect on private beneficence for public purposes? That the work of social betterment by such beneficence be not crippled by war demands, of whatever nature, is the burden of an appeal to the Senate by Prof. Lindsay of this city to exempt public gifts from tax, and Mr. Davison is quoted as approving this as "an intelligent plan for preventing the total breakdown and collapse of the most valuable factors in our national life; its value to our Red Cross, with the tremendous burdens that are laid upon us in this national crisis, is apparent to the War Council." Mr. Samuel Untermyer has written to the Senate Finance Committee to urge specific exemption of what are called Red Cross dividends from income tax. If, he says, a man turns over thus \$100,000 coming from corporations in which he holds shares and his total year's income is \$500,000, he not only deprives himself of the \$100,000 but is worse off by reason of the dividend, having parted with it and then being required to pay 50% tax on it. He thinks the law should exempt such dividends and should also protect them against both the corporation tax and the excess-profits tax, so as to avoid all possibility of penalizing a voluntary transfer of income to the public.

Others have suggested that a part of public gifts be included in the allowed exemptions, or that a lower rate be placed upon such gifts. A strong plea may be made for this, and certainly serious consideration should be given to the justice and the public policy of not discouraging benefactions. Further, in this time when a common stress and common impulse are bringing men closer together, we ought to make definite progress towards obliterating "class" distinctions and the unreasoning hatred of the rich as peculiarly selfish. Taken as a whole, they are not such; and as for the possession of property, "a man's a man for a' that."

#### THE FOOD CONTROL BILL.

The Lever Food Bill, which was pushed through the House by an almost unanimous vote, late on last Saturday, may get through the Senate to-day, according to the announced intention. Its worst faults as it came from committee were that it proposed to regulate the middle of the line between producer and consumer, but left the ends of the line (the farmer and the retailer) practically free; also that the chief force was directed upon other articles than food, which is the one most claimed to demand regulation, on behalf of the consumer. These de-

fects were not materially relieved in going through the House, but new ones were injected, the worst being the "dry" amendments. There has been more than one bill, and the confusion is not lessened by the reporting of a bill from the Senate Finance Committee in addition to the other from the regular source. In so shifting a situation, and with so many changes and counter changes, which sometimes reverse an action almost as soon as taken, it is idle to discuss particular details.

To inject controversial matter, as one more rider, and leave the upper branch to settle it, is evasive and does not command respect; to pass the subject along to the President is another evasion. If the figures cited by the distillers from official sources are correct and give the whole truth, the need of seeking to conserve the food supply by any interference with the liquor trade is slight. A second important point, that of replacing the several hundred millions (more or less) which will be lost to the Federal revenues by an effectual stoppage of that trade does not appear to be thought of, and this possible injury reaches further to two more questions, which are also not thought of, namely, the effect upon some State and municipal revenues, and the disturbance which such a sharp turn in a really large business may cause. The proposed action is not grounded upon either business or financial considerations, but is caught up as an opportunity to force upon the entire country what is properly a matter to be determined by the States, each acting for itself without relation to any war. The excuse offered, that prohibition is possessing one State after another, is the worst excuse possible, because that is the conclusive reason why the subject should be left to the States. "I am from a prohibition State, that's my answer," one Senator is quoted as saying. "As my State has voted for prohibition" says another, "I see no alternative but for me to support this House amendment, even though I feel it is inadvisable at this time." And one Washington correspondent says that "the point emphasized by the 'drys' is that 25 States are 'dry' and their Senators cannot, with consistency, vote against prohibition." This is a confusion of thought, for they cannot consistently vote otherwise, since the States have acted for themselves, and (notwithstanding there is the inevitable constitutional amendment somewhere in the mill) they have no right to expect their representatives to join in an attempt to anticipate the choice of sister States, under the plea of a war emergency.

After the Federal Trade Commission, created ostensibly for discovering and suppressing unfair methods in competition, had tired of its struggle with the newsprint paper problem, and had asked the Senate for a bill putting all such plants under Government control and operation during the war, that body made a second confession of helplessness by "a final report to Congress," recommending that all production and distribution of coal and coke and all transportation be pooled and operated on Government account. This notion seems to be spreading and to be caught up as the easy way of shunting all difficulties, for the pending amendments offered would include minerals, lumber, petroleum, fertilizers, and about all else. So, then, the Government, having already a task of almost superhuman demand in the vigorous prosecution of the war, is to seize, control and operate everything, leaving to the individual initiative and energy which have made



the country great nothing except to go as it is told from time to time and wait patiently to be clothed and fed.

One almost despairs of trying to remonstrate with the hysteria which is temporarily ready to accept such an un-American attitude. Yet, waiving all that, has anybody a guaranty, or even a well-thought opinion, as to how these sweeping dictatorial propositions will operate, or whether they will operate at all?

It might do no harm to recall for a moment an incident fifty-three years back in American history. Chiefly because of the resort to fiat money, gold had long been at a premium, and in the year 1864 it appeared to many that the gold speculator was a public enemy and the time for his suppression had come. So, on June 17 of that year, Congress attempted his suppression by forbidding any contract for gold delivery on any day subsequent to the day of making the contract, or on any other terms than delivery of the actual metal in full. The penalty was drastic enough and much resembled the penalties now proposed: fines of from \$2,000 to \$10,000, and imprisonment for three to twelve months, or both, for each offense. If statute could accomplish it, the gold premium was surely ended. But on June 4 gold reached 190; on the 18th (the day after enactment) it reached 198; on the 25th it reached 230. The Act had disturbed foreign exchange also (by another provision), and both gold and exchange so rose, and the menace appeared so severe, that the law was repealed on June 30. Perhaps if people would only pause to think, there may be a suggestion for us in this nearly-forgotten attempt at repressive legislation, which lasted only 13 days.

For a number of weeks past the grocery interest has been quoted as quite approving the food dictatorship, and now the coal men are quoted as approving it and as almost asking to be taken in hand and regulated. There may be something suggestive of query in this reported meekness of submission; whether the furnace of patriotism (not wholly to be deemed void of power) has substituted altruism for ordinary self-interest, or whether the wicked speculator foresees a reckoning and hopes to mollify treatment by surrender in advance, or whether he has his doubts about the regulative machine's working at all—this may be left for time to decide. Yet one question might be raised: If all business is to have its excess profits lopped off and its ordinary profits trimmed, in the desire to make things easy for the consumer, from what source will come the drastic taxes which are so nonchalantly proposed, as if the only condition to be met in taxation were to demand the taxes? The question could be carried a step farther: for inasmuch as the consumer is either a man engaged in some sort of production or trade on which his living stands, or is a rich man living on his investments (which, again, are at work somewhere, or they could not produce anything for him), or is a wage-earner, and therefore dependent on the prosperity of his employer, how is the consumer to be helped if this benevolent intervention on his behalf mistakes emotion for sound sense and overdoes itself?

Yet, waiving all this, there is no room for doubt about excellency of intentions, and we all desire abundance and lower prices. While a few bits of advice offered are more hasty than sound (for example, that the skins of potatoes be saved for planting),

much put forth on behalf of economy is good and timely. It is suggested that about 5% of the bread delivered to retailers is returned as stale, whereas this is really a better food than when soft and warm; so consumers are urged to watch their purchases, that the practice of returning bread may cease. The Delaware Lackawanna & Western RR. now offers in parallel columns on its dining-car menus regular and "war" portions of each article, the smaller being one-half to two-thirds of the other, yet deemed ample; the road expects to save at least \$60,000 a year, thus, having figured that on dining cars alone there is probably a literal waste in the country amounting to over \$5,000,000 a year, and that the like needless expenditure in restaurants may reach 100 millions a year. A number of large hotels and public dining rooms in the great cities have already taken similar action. Auxiliary No. 4, New York County Chapter of the Economy League of the Junior Colonial Dames of America, from its city office at 1021 Park Avenue, has advertised a call for waste paper, old boxes, old rubber, bottles, tin cans, cloth cuttings, and so on, seeking to lessen wastage and create a fund for war relief. It is also suggested that the return privilege for goods purchased in stores, chiefly of dry goods and clothing, be curtailed. Beyond doubt this has been grossly abused, and the practice, disliked and deplored by merchants, is endured only under stress of competition. The remedy lies with the women, and when they have once seriously turned their attention to waste-prevention they can accomplish marvels.

Only a very cautionary word can be said for the reported scheme of the Postmaster-General to have retail dry goods stores turn their delivery equipment over to him and let the Department use it in gathering and delivering as a part of the work of the parcels post. He has observed, as have others, that there is much duplication and waste in delivery of milk and other articles; but this scheme (which might involve some further injustice to the railroads) awaits further elucidation, yet is apparently more fantastic than practicable.

To hold ourselves from excitement, and resolve to think fully and carefully before acting, would be our wisest course, and the course most like Americans.

#### A SUGGESTION THAT THE GOVERNMENT CONTRACT AHEAD FOR THE GROWING COTTON CROP.

[Communicated.]

*New Orleans, June 25 1917.*

In considering the present cotton situation, which has resulted in prices for that staple reaching the highest levels recorded since the early seventies, the thought arises that there is need for some Governmental agency by which the mills, the consumers of the raw material and the producers in the South can be placed directly in touch with each other.

As every one who is at all familiar with conditions prevailing in the cotton market knows, the sensational advance has been chiefly due to buying of future contracts by the mills, which are heavily under contract to the Government, and have been obliged to protect themselves by going into the open market. Owing to the reported low condition of the crop, and the high margins now demanded by brokerage firms, speculative selling is very limited,

and hence even a small amount of trade buying has an effect on values out of all proportion to what would usually be the case. Under the present system of trading in cotton, producers in the South, who would like to take advantage of prevailing prices to sell their prospective crops, or at least a portion of them, are unable to do so. True, the future market is open to them, but not one farmer out of a hundred in the South is able to put up the margins demanded by the broker in New York or New Orleans, which, since Liverpool, under stress of circumstances, has had to close (the Liverpool Cotton Exchange reopened yesterday, but under restrictions which exclude speculation), are the only two markets now providing hedge facilities in cotton.

The Southern farmer, to whom such almost unheard of prices as now prevail would be exceedingly tempting, is in exactly the same position as that of the shipwrecked sailor who finds "water, water all around, but not a drop to drink." However much he might like to sell his hundred or two hundred bales for delivery next October or December, when the crop movement begins, he is unable, under the present system, to do so. To this extent, therefore, the present system of trading in cotton is defective, as, while it provides a means for the mills to cover their future requirements by purchases of contracts for months ahead, the producers, on the other hand, except in isolated instances, are unable to sell even a small portion of their crop ahead.

In years past the speculator has performed the function of representing the producer, and has supplied the contracts, but under the war-time conditions now prevailing, with the possibility of peace looming up on the horizon unexpectedly, the speculative element on the short side of the market is lacking. The result is that the mills must buy their contracts from another speculative element which foresaw the present situation and which seems determined to exact the greatest profit that it is possible for them to levy on trade interests. The effect on the market is plain. Under such conditions cotton will go just as high as trade interests can afford to pay, while the producers who in a few months will have thousands of bales of the actual article for sale, must look idly on, unable to take advantage of the price levels now prevailing. When cotton begins to move in a few months the pressure of the actual staple will inevitably depress prices. As spinners are able to replace their future contracts with cotton itself, they will sell out their contract hedges, and this, in turn, will serve to weaken the market all the more.

Since it is the buying by the Government of goods necessary for the equipment of armies that has been one of the chief causes of the wild advance in cotton, could not some statesmanlike plan be devised by which the cotton producers of the South could share in this distribution of national wealth? Certainly, there are many patriotic farmers in the South who would gladly sell their cotton ahead to the Government for 25 cents per pound, even though future contracts are now ranging considerably above that level. Why cannot the Government, through the Council of National Defense, deal direct with the producers of cotton as they are now doing with the mill interests through the "Committee on Cotton Goods"? There are no insuperable difficulties in the way of putting such a plan into operation. It may require first-class statesmanship, but is that quality

lacking in a country which has developed into a giant among the nations of the earth?

It is admitted that in war times Governments may adopt measures of a radical nature to protect the commercial and financial interests of the country. The cotton situation that exists to-day is one of those problems the solution of which will quickly yield to treatment by statesmanship of the right type.

#### ARE WE TOO EMOTIONAL?

John A. Sleicher, Editor of "Leslie's Weekly," at the meeting of the New York Press Association, at Ithaca, June 28 1917, delivered an interesting and instructive address on the subject of this title, from which we quote the following:

The peril of the people is emotionalism. It is also the peril of the press. We write from the narrow, emotional standpoint and we sacrifice not only truth, but rhetoric and often grammar in doing so.

Emotional men and women, following a fad and shouting for experimental reforms in fields of endeavor of whose practical operations they are woefully ignorant, organize into bodies that pester the press with their proddings, intimidate legislators and intrude on executive mansions. So we have factories and shops regulated and supervised to death with new laws and regulations, harsher and more conflicting every year, until the small manufacturer has been driven from the field, not by the trusts, but by over-regulation.

Any cause, good or bad, can be promoted and popularized by a well-organized movement in its behalf, particularly if a few earnest women and a few glib-tongued men can be marshaled on its side. Swept from their feet by the captivating cry of "free silver," voiced by a silver-tongued orator, six million good American citizens voted for a financial heresy of which they are now ashamed, for they realize that a debased currency would have plunged us into bankruptcy. And what would have become of our boast that the American dollar is the standard of exchange, the world over, in this wonderful period of trade expansion that the terrible conflict has brought us?

When in shame over the conspicuous absence of the American flag on the high seas, it was proposed to aid American shipping with subsidies as other nations have aided theirs, the emotional and muck-raking headliner laughed the proposition to scorn. Now, in the emergency of war, we are on our knees, asking heaven for the ships we so urgently need.

Our election methods need reform. The simpler ballot and the secrecy of it were evidences of progress. But, as usual, the fad reformer seized his opportunity to mix in, and we have had in consequence a flood of election reforms, from the short ballot, which has much merit, to an attenuation of the referendum and recall that in some States has made them a most extravagant and unbearable nuisance.

The emotional outbreak against the banks, the railroads and the captains of industry had some just foundation. But these are the same captains of industry that have just voted \$10,000,000 for Red Cross dividends and that are largely responsible for the splendid success of the Liberty Loan. Abuses existed. No one denies it. They have been confessed, expiated and remedied.

No other country in the world penalizes big business. They are all proud of it. Germany won her commanding commercial position because its Government encouraged expansion, combination and investment of capital within its dominion and penalized them in every other. We follow just the opposite procedure. We penalize business at home, but under the Webb bill, now on its passage in Congress with the President's approval, we propose to legitimize and encourage our big domestic business concerns in making any kind of a combination they find necessary to overcome similar combinations abroad. Isn't it preposterous to retain a law on our statute books that will handicap business at home, while we amend it so that it will not handicap our foreign trade?

I am told that one of our great captains of industry was called to Washington to help the Government solve one of its most perplexing problems. He closed his desk, gave up his work and applied himself to the task set for him at the national capital. When he had a respite and returned to his office to take up the responsibilities that had accumulated in his absence, he was confronted by an official from Washington, who demanded that he turn over not only all the business correspondence of his corporation, but all his own private letter files. No one had made complaint against this corporation, but some notoriety-seeking official in Washington conceived the idea that it would be popular for him to pose as a prosecutor of big business. To the credit of the captain of industry, I may add that this did not prevent him, I am told, from continuing to render his patriotic service to the sorely-troubled administration at Washington.

An emotional campaign carried the immigration illiteracy law through two different Congresses over the veto of President Taft and then of President Wilson. It had not been on the statute books four weeks before President Wilson found it necessary to suspend its operation, because it prevented Mexican laborers from crossing the border to help our hard-pressed farmers plant and harvest their crops.

Senator La Follette's seaman's act was hardly signed by President Wilson before it became necessary to suspend some of its provisions, in order that our ships might sail the seas in competition with ships sailing under other flags.

Emotional men and women crowd their views on emotional legislators and emotional editors. They never quit. Their persistence is phenomenal. They draw no lines. They venture in all fields. Their cause is always right. There is never another side to a question but the one that they maintain. They sigh for new worlds to conquer. They marshal their forces with equal energy, whether it be to favor a law to standardize the size of towels and the length of sheets in boarding houses, or to put Hobson in nomination for the Presidency of the United States while he was the momentary hero of an interesting episode of the Spanish war.

These faddists are not always harmless. They are capable of infinite damage, and the danger is all the greater because many men and women of fine mold are swept from their feet in times of great emotion and lend their influence to undeserving causes.

At a recent meeting of the American Academy of Medicine in New York, Dr. Charles W. Burr, of Philadelphia, assailed the coddling of degeneracy which he asserted was the characteristic of modern civilization. He condemned what he called "emotionalism in education," and declared "that the increase in degeneracy is due to the fact that we carefully preserve the degenerates who are born. Some races allow such people to die. They

were not killed. But to-day they are coddled. Many an imbecile boy gets more care than a well child does. This is not humanitarianism, but emotionalism," said Dr. Burr.

#### ROGER W. BABSON WARNS OF SOCIALISTIC CHANGES AFTER WAR.

In an address this week in which he suggests that the outcome of the war will be entirely different from what people expected at the beginning of the war, Roger W. Babson, of Wellesley Hills, Mass., especially warned the people of New England to be prepared for coming Socialistic changes. Mr. Babson's words of counsel were addressed to the Industrial Trade Conference at Springfield, Mass., on June 27. He cautioned his hearers in planning for trade after the war not to forget that this very same scramble for foreign trade was a large factor in bringing on the present conflict. In seeking to show that the struggle for special privileges finally led to the war, he pointed out that the Germans wanted more colonies; the Italians and French wanted "spheres of influence"; the English greater ship subsidies and a bigger navy, while our own manufacturers have been wanting higher tariffs, Pan-Americanism and various other "special privileges." "If organized labor," he said, "now demands further immigration restrictions and other special privileges for itself, also, the present European war will be followed by a much more brutal Asiatic-American war." "The world will never be 'safe for democracy,'" said Mr. Babson, "until the economic causes of war are eliminated. Peace can never be 'enforced.' Freedom, democracy and liberty will come only as the result of international co-operation with equal security and opportunity assured to all, both in foreign trade and domestic." We give in more detail some of his remarks below:

In view of the imperialistic tendencies of some speakers at this most interesting conference, I feel it a duty to utter a word of warning. In planning for trade after this war—trade both in Latin America and elsewhere—let us not forget that this very same scramble for foreign trade, which so many are now favoring, was a large factor in bringing on the present conflict. I believe in foreign trade. I personally have large interests in Latin America; but I want to extend my interests on a basis that is fair to my competitors living in other nations. Only such business, free from all artificial support is the kind that will last. Moreover, under the great democratic league of nations which is coming at the end of this war, such business is the only kind that will be permitted.

In a few words let me explain what I have in mind. Let me commence by tracing our present troubles from the beginning. During the past generation a certain class, in different countries, have succeeded in raising their own wages and incomes without regard to the means employed. Considering their previous condition, they perhaps cannot be blamed; but let us see to what their uneconomic methods and efforts led. There have been three steps in the vicious circle.

##### High Prices Due to High Wages.

1. In order to pay these higher wages, rents and other costs without an increase in production, most manufacturers have had to ask higher prices for their goods. This has raised the cost of living for everybody, so that even these workers themselves have greatly suffered thereby. We all have been trying to lift ourselves by our bootstraps. Hence we get less for our money to-day than ever before.

2. As the prices of these domestic goods were advanced, foreign manufacturers were able to ship in more foreign goods and undersell the domestic manufacturers. Then these latter turned to their various governments and asked for "protection." The Germans wanted more colonies; the Italians and French wanted "spheres of influence"; the English wanted greater ship subsidies and a bigger navy; while our own manufacturers have been wanting higher tariffs, Pan-Americanism and the various other "special privileges" that have been mentioned at this conference.

3. This struggle for "special privileges" finally led to the present terrible war, which has brought so much suffering to every class. Although in certain countries, the capitalist class may have been immediately responsible for this war, yet it was not wholly their fault. The demand for more wages, rents, and profits by others spurred these manufacturers to seek greater foreign markets, and to defend their present ones. Moreover, if organized labor now demands further immigration restrictions and other special privileges for itself also, the present European war will be followed by a much more brutal Asiatic-American war. Then the vicious circle will be complete and the white man may take his turn by being a slave to the yellow man.

These very "special privileges" so earnestly recommended by other speakers are sending the world to smash. One special privilege always leads to another. Germany did not think about her "place in the sun" until the English began to sing "Britannia Rules the Waves." Labor leaders did not seek laws to keep out foreign labor until manufacturers got laws to keep out foreign goods. Germany should be condemned for her brutal conduct, but we should not forget that the Allies themselves have also secured most of their foreign markets by the very force that we so rightly condemn. Some growing nations will always be preparing for war until all special privileges, financial subsidies, and discriminatory trade barriers are removed so that every race is assured of getting full reward for its economic efficiency without going to war.

The world will never be "safe for democracy" until the economic causes of war are eliminated. Peace can never be "enforced." Freedom, democracy and liberty will come only as the result of international co-operation with equal security and opportunity assured to all, both in foreign trade and domestic. Moreover, such peace will probably not be brought about by military or naval victories. It will come by the people of all nations arising and demanding a reorganization of the world on co-operative lines. One of the brightest features of this war is the new Russian Socialistic government, with its demand that the workers throughout the world should unite with one another instead of fighting one against the other. They alone seem to realize that military autocracy cannot be destroyed until commercial and industrial autocracy is destroyed also.

The world will be "safe for democracy" when the people of a sufficient number of countries combine and insist that these very special privileges,

of which my friends now demand more, shall be altogether wiped out. You, my friends, will never truly get ahead until some world government is formed to enact land, labor, tariff and other laws which shall apply equally to all countries in connection with the production and distribution of goods for foreign trade. It is right for you to strive for greater production; but before you ever get it, you must satisfy the people that this increased production will benefit them as well as you.

One word more about Russia in closing. Don't think of the Russian Socialists as believing that all nations and persons should be awarded the same, irrespective of what they produce. No modern Socialist believes this. All know that the most enterprising, intelligent and industrious people should get the greatest reward, and always will. They realize that any legislation attempting to prevent this will bring disaster. The great purpose of the Russian Socialists is to bring about internationalism, with the elimination of all special privileges both for classes and for nations. In this aim they are absolutely sound. Furthermore, the sooner organized labor, organized capital and organized government recognize this fact, the better off all interests will be.

I go farther and say that your welfare and my welfare absolutely depend on the development of such a new era at the close of this war. Moreover, I believe that such an era is coming, and now am urging my clients to prepare for it. Certainly this is the only safe preparation to make, and I sincerely hope that the speakers this evening will advise you along such progressive and hopeful lines. Otherwise this great war will have been fought in vain.

#### U. S. LOANS TO ALLIES PASS BILLION-DOLLAR MARK

The total of loans to the Allied nations by the United States Government has passed the billion-dollar mark. With the granting of additional credit to the British Government on June 26 of \$15,000,000 and \$10,000,000 to France, the total reached \$1,008,000,000. Great Britain has up to the present time received \$550,000,000 of this amount and France \$210,000,000.

#### GREAT BRITAIN'S AVERAGE DAILY WAR EXPENDITURE.

A daily average expenditure by Great Britain of £7,532,000 for the five weeks from May 6 to June 9 was reported in a statement presented by Bonar Law, Chancellor of the Exchequer, to the House of Commons on June 25. The Chancellor's statement also showed the daily average expenditures for other periods since Oct. 8 last. For the nine weeks from that date to Dec. 9, he stated that the total national expenditure was on a daily average of £6,615,000, while for the five weeks from April 1 to May 5 1917 the statement shows the daily average of expenditure to be £7,971,000. For the ten weeks from April 1 to June 9 the expenditure averaged £7,752,000. For the respective periods in the order taken above the actual war expenditure daily, the Chancellor stated, was £5,989,000, £5,714,000, £7,457,000 and £6,723,000.

The increase in expenditure for army service, said the statement, is in part attributable to payments and advances which are ultimately recoverable. The expenditure for munitions was affected by temporary causes, such as more rapid delivery made on the termination of certain orders; but notwithstanding this, the Chancellor stated that he feared there would be some excess, under the heads of army and munitions, over the figures of the Budget estimate. The growth of the miscellaneous expenditure, the statement added, was due, among other things, to charges for land and sea transport, including the purchase of ships and food supplies and to the charges for war pensions, which are now \$250,000,000 weekly and which are continuing to expand. Regarding loans to the Allies, continued the statement, the Government was still liable during the opening weeks of the current year to fulfil commitments undertaken before the entry of America into the war. The advantage of America's entrance, he explained, was now being felt. On this subject, however, the London "Times" issued a warning, the "Journal of Commerce" quoting it as follows:

Confident as we may well be in the financial strength of the United States, let nobody here be so foolish as to think everything has been made plain sailing for us in the matter of money, by American co-operation. It is no substitute for the efforts called for from ourselves, and yet there is some danger of slackness here, not only among the public, but through the idea that a provision of American money relieves us of much of our own responsibility. It will do that, we firmly believe, but only by willing co-operation which will need unchecked persistence in our own effort.

It would be a short-sighted view of our own money market to ignore the fact that an unexampled drain on the monetary resources of the United States may still affect it in ways not immediately obvious to those who regard the Liberty Loan merely as supplying cheap money for Allied war chests.

#### SECOND FRENCH EXPORT CREDIT PAID.

William P. Bonbright & Co., Inc., of New York, announced on June 27 that funds had been received from the French banks participating in the \$15,000,000 French Export Credit of March 10 1916, and to which reference has already been made in these columns, for the payment of the third \$5,000,000 installment under that credit due July 2, 1917. This completes the payment of the second of these

credits arranged by William P. Bonbright & Co., Inc., making a total of \$30,000,000 which has been repaid by the French banks.

**HUGE GOLD HOLDINGS OF N. Y. ASSAY OFFICE.**

The count of what is believed to be the greatest amount of gold ever stored at one time in one place has been completed at the Government's Assay Office in New York. The holdings amount to \$765,000,000, and the inventory showed that "not a penny" was missing. The gold consists of bullion, and British, French and American coins. According to Verne M. Bovie, Superintendent of the Assay Office, the present holdings are more than ten times the normal average of previous years. The greatest total prior to the war, he said, was \$80,000,000. In 1914 it was \$57,300,000. This year's huge total is attributed to gold imports from the Allies to meet war bills and also to abnormal local receipts. Edward P. Leech, Chief of the Denver Mint and head of the Settlement Committee which made the annual audit here, is quoted as saying:

The work of the New York office, which is the most important branch of the Mint and Assay service, has been done with exceptional efficiency, particularly in view of the cramped facilities which were not designed for such a volume of business, and with practically no increase in the working force.

Superintendent Bovie and Benno P. Wirth, Superintendent of Melting and Refining, have the institution in splendid shape, and the report of the Settlement Committee now being formulated, gives the New York office a clean bill of health.

The Committee, besides Mr. Leech, consists of Sheridan Ferree, of the Auditor's Office, Washington, D. C.; Edward McKernan, of the Philadelphia Mint, and Eugene Russell, of the Bureau of the Mint, Washington, D. C.

**COMPARATIVE FIGURES OF CONDITION OF CANADIAN BANKS.**

In the following we compare the condition of the Canadian banks, under the last two monthly statements, with the return for June 30 1914:

	ASSETS.	May 31 1917.	April 30 1917.	June 30 1914.
Gold and subsidiary coin—				
In Canada.....	\$	49,053,217	48,802,754	28,948,841
Elsewhere.....	\$	22,877,827	25,587,692	17,160,111
<b>Total .....</b>		<b>71,931,044</b>	<b>74,390,446</b>	<b>46,108,952</b>
Dominion notes.....		126,238,905	132,804,056	92,114,482
Deposit with Minister of Finance for security of note circulation.....		6,871,012	6,871,015	6,667,568
Deposit in central gold reserves.....		39,500,000	41,150,000	3,050,000
Due from banks.....		178,498,924	177,612,284	123,608,936
Loans and discounts.....		988,068,143	1,007,395,309	925,681,966
Bonds, securities, &c.....		330,831,771	351,131,094	102,344,120
Call and short loans in Canada.....		78,514,798	82,737,717	67,401,484
Call and short loans elsewhere than in Canada.....		168,692,675	159,156,054	137,120,167
Other assets.....		77,555,054	75,248,538	71,209,738
<b>Total .....</b>		<b>2,066,702,320</b>	<b>2,108,496,193</b>	<b>1,575,307,413</b>
	LIABILITIES.			
Capital authorized.....	\$	189,866,666	189,866,666	192,866,666
Capital subscribed.....	\$	112,081,866	112,059,866	115,434,666
Capital paid up.....	\$	111,641,034	111,627,095	114,811,775
Reserve fund.....	\$	113,493,033	113,485,903	113,368,898
Circulation.....		142,653,596	145,550,619	99,138,029
Government deposits.....		78,151,377	116,146,528	44,453,738
Demand deposits.....		650,522,223	654,334,971	458,067,832
Time deposits.....		892,562,657	874,948,724	663,650,230
Due to banks.....		35,732,524	41,681,795	32,426,404
Bills payable.....		4,626,478	5,961,640	20,096,365
Other liabilities.....		18,710,680	24,418,709	12,656,035
<b>Total, not including capital or reserve fund.....</b>		<b>1,822,959,541</b>	<b>1,863,042,986</b>	<b>1,330,488,683</b>

Note.—Owing to the omission of the cents in the official reports, the totals in the above do not exactly agree with the totals given.

**PAYMENT OF SECOND INSTALLMENT ON LIBERTY LOAN BONDS.**

The second installment on the \$2,000,000,000 Liberty Loan was paid this week, that is, on Thursday, June 28. The payment amounted to 18%, but it is pointed out that inasmuch as a number of subscribers made full payment on June 15, when the initial installment of 2% was due, considerably less than \$360,000,000 had to be paid in the present week. Future payments on the bonds are due 20% July 30, 30% Aug. 15, and 30% Aug. 30. With the payment of the second installment, the New York Federal Reserve Bank yesterday (Friday) issued temporary certificates for the bonds. On June 27 Government funds of \$128,000,000, a part of which represents the yield from Liberty Loan payments, were deposited with the banks in the New York Federal Reserve District which have been approved as depositories for Government funds. It is stated that while approximately 700 banks out of the 1,000 in the district are members of the Reserve system, only 250 banks qualified as depositories.

Two circular letters to banks in the New York Reserve District which have been approved as depositories were sent

out by the New York Reserve Bank on June 26. One of these went to banks which have established a credit in part or full payment for subscriptions to Liberty Loan bonds, and the other suggesting the opening of a credit to the banks which have not already done so. The latter reads as follows:

**FEDERAL RESERVE BANK OF NEW YORK.**

June 26 1917.

Dear Sirs: As your bank has been approved as a depository for the United States Government to the extent of..... we take pleasure in advising you that a credit can now be opened by you on your books in the name of the "Treasurer of the United States, Liberty Loan Deposit Account," in part or full payment for subscriptions on account of Liberty Loan bonds, provided that such credit does not exceed the total amount for which your bank has been approved as a depository.

Should this restriction on the amount for which you may open a credit result in there being a balance due on account of your subscription after the credit is opened in the manner above described, payment of such balance must be made by you in accordance with previous instructions. This deposit is made tentatively and is subject to modifications and adjustments as soon as the final basis for the distribution of Government deposits has been determined upon in accordance with instructions from the Treasury Department.

This deposit is subject to interest at the rate of 2% per annum, on the basis of 365 days to a year, including date of deposit and excluding date of withdrawal.

We also give below the other letter on the subject:

Your bank having been approved a depository for the United States Government to the extent of \$..... we enclose herewith our check to your order for \$..... for the credit of the "Treasurer of the United States, Liberty Loan Deposit Account," which deposit is now made with you tentatively, subject to modifications and adjustments as soon as the final basis for the distribution of Government deposits has been determined upon, in accordance with instructions from the Treasury Department.

Credit can also be opened by a depository bank on its books in part or full payment for subscriptions on account of Liberty Loan bonds, providing the aggregate of such credits and deposits made with it for account of the "Treasurer of the United States, Liberty Loan Deposit Account," does not exceed the total amount for which the bank was approved as a depository.

These deposits are subject to a rate of 2% per annum on the basis of 365 days to a year, including date of deposit and excluding date of withdrawal.

Following a discussion on Monday by the Liberty Loan Committee of the New York District on the subject of a free and unrestricted market for the Liberty Loan bonds, a statement was issued by Governor Strong in which he said:

I am instructed by the Liberty Loan Committee of this district to state that in the opinion of the committee it is important that there be a wide and normal market for Liberty loan bonds—unrestricted as to price or otherwise.

The "Times" yesterday stated that it was learned on Thursday that approximately \$125,000,000 of the Treasury certificates which become due to-day had been turned in to the bank in payment of Liberty bonds. This, it is added, is within about \$15,000,000 of the total amount of June 30 certificates distributed among the banks of this district. It is stated that there have been issued \$918,205,000 in Treasury certificates of indebtedness. Of this, \$318,200,000 is due to-day, including a \$50,000,000 issue of 2s sold to the Federal Reserve banks on March 31.

**ALLOTMENTS AND SUBSCRIPTIONS TO LIBERTY LOAN.**

Last week we referred to the figures of oversubscription to the Liberty Loan offering of \$2,000,000,000 as made public in Secretary of the Treasury McAdoo's statement late Friday night June 22. As indicated by us subscriptions exceeded by \$1,035,226,850 the \$2,000,000,000 offering. The allotments over \$10,000 were also reported; both the subscriptions and allotments under that sum, as well as over are shown in the annexed table:

	Subscriptions.	Allotments.	
Up to and including \$10,000.....	\$1,296,684,850	100 per cent.	\$1,296,684,850
Over \$10,000 and up to and including \$100,000.....	560,103,050	60 per cent, but not less than \$10,000 bonds.	336,061,850
Over \$100,000 and up to and including \$250,000.....	220,455,600	15 per cent, but not less than \$60,000 bonds.	99,205,000
Over \$250,000 and up to and including \$2,000,000.....	601,514,900	30 per cent, but not less than \$112,500 bonds.	184,381,800
Over \$2,000,000 and up to and including \$6,000,000.....	234,544,300	25 per cent, but not less than \$600,000 bonds.	58,661,250
Over \$6,000,000 and up to and including \$10,000,000.....	46,674,150	21 per cent.	9,801,600
\$25,000,000.....	50,000,000	20.22 per cent.	10,110,000
\$25,250,000.....	25,250,000	20.17 per cent.	5,093,650
<b>Total.....</b>	<b>\$3,035,226,850</b>		<b>\$2,000,000,000</b>

**NEW YORK RESERVE BANK'S CIRCULAR ON NEW RESERVE REQUIREMENTS.**

A circular calling attention to the new reserve requirements under the amendments made to the Federal Reserve Act was issued on June 25 by Benjamin Strong, Governor of the Federal Reserve Bank of New York. The member banks in New York City were called upon to increase their reserve deposits with the Reserve Bank to an amount equal to 13% of their net demand deposits and 3% of time deposits by June 27, while member banks outside the city are given until July 15 to increase their reserve deposits with the Reserve Bank to 7% of demand deposits and 3% of time deposits in the case of country banks, and 10% of demand deposits and 3% of time deposits in the case of reserve city banks. Failure to maintain the additional reserve requirements in these latter instances will not be penalized until after July 15. The circular follows:

(Circular No. 74.)  
**FEDERAL RESERVE BANK OF NEW YORK.**  
*New York, June 25 1917.*

To the Cashier:  
 Sir:

Reserve Requirements under the Amendment of June 21 1917.  
 The amended provisions of the Federal Reserve Act now in effect governing the reserve to be maintained by banks which are members of the Federal Reserve System, are as follows:

"Sec. 19. Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all postal savings deposits.

"Every bank, banking association, or trust company, which is or which becomes a member of any Federal Reserve bank, shall establish and maintain reserve balances with its Federal Reserve bank as follows:

"(a) If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal Reserve bank of its district an actual net balance equal to not less than 7% of the aggregate amount of its demand deposits and 3% of its time deposits.

"(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal Reserve bank of its district an actual net balance equal to not less than 10% of the aggregate amount of its demand deposits and 3% of its time deposits.

"(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal Reserve bank of its district an actual net balance equal to not less than 13% of the aggregate amount of its demand deposits and 3% of its time deposits."

You will note that the entire legal reserve of a member bank is now to be maintained on deposit with the Federal Reserve Bank, and there is no requirement of law as to the amount or kind of currency to be held by a member bank in its own vault. Consequently, the amount to be so held is left to the discretion of each member bank and may consist of Federal Reserve notes or other currency.

Member banks in New York City are requested to increase their reserve deposits with the Federal Reserve Bank of New York to an amount equal to 13% of their net demand deposits and 3% of time deposits not later than June 27.

Member banks outside New York City are requested to increase their reserve deposits with the Federal Reserve Bank of New York to 7% of net demand deposits and 3% of time deposits for country banks and 10% of net demand deposits and 3% of time deposits for reserve city banks, not later than July 15.

It is suggested that the necessary increase in deposits may be made gradually between now and the above date by the shipment of any form of gold coin or currency other than national bank notes. For this purpose shipments of gold coin by express, and of gold certificates or properly sorted lawful money and Federal Reserve notes can be made in accordance with the terms of our Circular No. 54, all at our expense.

Failure to maintain the additional reserve required by the amended Act to be on deposit with this bank will not be penalized until after July 15.

Respectfully,  
 BENJ. STRONG, Governor.

**RESERVE BOARD ON RESERVE REQUIREMENTS UNDER NEW ACT.**

Following the approval by President Wilson of the bill passed by Congress amending the Federal Reserve Act the Federal Reserve Board, in a letter addressed to the Federal Reserve banks on June 22, pointed out that the Reserve banks in Central Reserve cities should request their member banks located in such cities to increase their balances with their Reserve bank in an amount sufficient to comply with the requirements of the Act not later than June 27. The Board adds that while the new law became technically effective from the date of its approval, it is understood that a reasonable time must be allowed for making the necessary transfer of reserve. It is hence announced that failure to transfer the additional amount required need not be penalized until after July 15. The Board's letter follows:

FEDERAL RESERVE BOARD.  
*Washington, June 22 1917.*

Dear Sir:

The bill recently passed by Congress amending the Federal Reserve Act has been approved by the President and has become a law. A revised draft of the Federal Reserve Act as amended has been prepared and will be forwarded to all Federal Reserve banks and member banks as soon as received from the printer. New regulations by the Board are in the course of preparation and will be forwarded to you in the very near future for distribution among your member banks. In the meantime, your attention is directed to Section 10 of the Act in question which amends Section 19 of the Federal Reserve Act and provides in part as follows:

"Sec. 19. Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all Postal Savings deposits.

"Every bank, banking association, or trust company which is or which becomes a member of any Federal Reserve bank shall establish and maintain reserve balances with its Federal Reserve bank as follows:

"(a) If not in a Reserve or Central Reserve city, as now or hereafter defined, it shall hold and maintain with the Federal Reserve bank of its district an actual net balance equal to not less than seven per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(b) If in a Reserve city, as now or hereafter defined it shall hold and maintain with the Federal Reserve bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(c) If in a Central Reserve city, as now or hereafter defined, it shall hold and maintain with the Federal Reserve bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits."

Compliance with this section will make it necessary, in most cases, for member banks to increase their balances with the Federal Reserve banks. It is, of course, desirable that these deposits should be made promptly, but with as little disturbance to financial conditions as possible, and to accomplish this the co-operation of all member banks is necessary.

Federal Reserve banks in Central Reserve cities should request their member banks located in such cities to increase their balances with their Federal Reserve bank in an amount sufficient to comply with the new requirement of the Act, not later than June 27.

In view of the fact that it is to be assumed that Reserve city banks and country banks will be obliged to draw heavily upon their Central Reserve city and Reserve city correspondents in order to meet demands to be made on account of the installments becoming due upon subscriptions to the Liberty Loan, country banks and Reserve city banks should be requested immediately to build up their balances with their respective Federal Reserve banks by remitting cash from their own vaults as far as they can do so without impairing their ability to care for local needs.

The Board considers it inadvisable to increase at this time the pressure on Reserve and Central Reserve cities by encouraging heavy withdrawals from those cities by correspondent banks desiring to make transfers to the Federal Reserve banks to meet the new reserve requirements.

While the new law becomes technically effective from this date it is, of course, understood that a reasonable time must be allowed for making the necessary transfer of reserve to meet the requirements of the Act.

If, therefore, member banks continue to maintain with the Federal Reserve banks the percentage of reserve required hitherto, the Federal Reserve banks may, until July 15, reasonably refrain from imposing penalties against member banks on account of deficiency in reserve carried with them. That is to say, failure to transfer the additional amount required by the new Act need not be penalized until after July 15.

It is suggested to Federal Reserve banks that it might be advisable for them, in order to facilitate and expedite the transfer of cash from vaults of member banks to the vaults of Federal Reserve banks, to show liberality, as far as permitted by law, in refunding to member banks the shipping expenses of currency sent to Federal Reserve banks before June 30, and in dealing with remittances of gold coin to be exchanged for Federal Reserve notes. A similar policy is suggested in dealing with State banks desiring to establish balances with Federal Reserve banks in advance of becoming either full members or members of the clearing system.

It must be evident to all banks that it is to their own interest to strengthen as far as possible the reserve and lending power of their Federal Reserve banks, the facilities of which are likely to be used extensively in connection with the shifting of funds incident to the payments to be made on account of Liberty bond subscriptions. Every bank, member and non-member, should, therefore, do its utmost to strengthen the gold reserve of the Federal Reserve banks by promptly transferring such vault money as can be spared and by exchanging gold certificates and gold for Federal Reserve notes, thereby helping to carry out the policy adopted for the public welfare of encouraging, for purposes of general circulation, the use of Federal Reserve notes rather than gold certificates.

It is to be hoped that banks in Federal Reserve cities will make a special effort to co-operate with the Central Reserve cities in at once transferring to their respective Federal Reserve banks such amount of vault money as they can conveniently spare. In case of demand they can always replenish their currency supply by calling upon their respective Federal Reserve banks.

Respectfully,  
 (Signed) W. P. G. HARDING, Governor.

**SETTLEMENT OF DAILY BALANCES OF NEW YORK BANKS THROUGH RESERVE BANK.**

In these columns last week we referred to the fact that twenty-six local banking institutions were then settling their daily balances at the New York Clearing House through the Federal Reserve Bank. Yesterday at the Federal Reserve Bank it was stated that all the local member banks are now availing themselves of the new arrangements.

**CHANGING NEW YORK CLEARING HOUSE RULES TO CONFORM TO RESERVE ACT AMENDMENTS.**

Amendments to the constitution of the New York Clearing House Association to adjust the latter's reserve requirements to those required under the recently enacted amendments to the Federal Reserve Act or the State laws under which members of the local clearing body operate were adopted at a meeting of the association on Thursday June 28. The following is the text of the amendments:

Amend Article III, Section 9, to read:

All members of this Association shall keep and maintain a reserve in such proportions and in such depositories as may be required by the Federal Reserve Act or the laws of the State under which they are incorporated.

Provided, however, that in determining net demand deposits no deduction be made of deposits secured by the deposit of outstanding unmatured stocks, bonds or other obligations of the State or City of New York, or of deposits to the amount of the stocks, bonds or other obligations of the State or City of New York owned and held by the bank or trust company.

And provided, that all reserve, other than cash on hand, must be maintained in the Federal Reserve Bank of New York, or in some member bank of the Federal Reserve Bank of New York, a member of this Association, or in any other member of this Association that maintains in the Federal Reserve Bank of New York the reserve required of member banks.

A failure on the part of any institution to keep the reserve herein provided for, shall render such institution liable to discipline as provided for in Section 6 of this Article.

Amend Article IX, Section 7, to read:  
Every institution redeeming through a member of this Association shall keep the same reserve against its deposits (as reported weekly) as prescribed for Clearing House members of the same class and provided for in Article III, Section 9, of this constitution.  
The Clearing House Committee shall have power to enforce this rule.

#### RICHMOND RESERVE BANK PAYS TRANSPORTATION CHARGES ON GOLD SENT FOR BUILDING UP RESERVES.

In a circular directing attention to the Reserve Board's letter respecting the new reserve requirements the Richmond Federal Reserve Bank announced that it would undertake to pay transportation charges upon gold certificates and gold coin sent it between June 23 and 30 for the purpose of building up reserves to the required amount, and that gold coin would be received at its face value unless mutilated. This is in accord with the suggestion of the Federal Reserve Board and has probably been followed by the other Reserve banks. We give the circular herewith:

Circular No. 64.  
Federal Reserve Bank of Richmond,  
Richmond, June 23 1917.  
NEW BASIS OF RESERVES.

To Members of the Federal Reserve Bank of Richmond:

Your attention is directed to the accompanying copy of a letter from the Federal Reserve Board to this bank relating to the amendment to the Act establishing new reserves to be maintained with Federal Reserve banks. The amendment went into effect upon the signing of the bill by the President.

It is of very great importance that member banks in establishing the new reserve required should do as far as possible from their own vaults in order to avoid disturbance of the money situation. Particular attention is called to that portion of the letter from the Federal Reserve Board referring to this.

At the same time it is of equal importance to transmit to the Federal Reserve Bank at once the gold and gold certificates which members can spare from their own vaults which may be required to establish the legal reserve.

This bank will undertake to pay transportation charges upon gold certificates and gold coin sent to it between now and June 30 for the purpose of building up reserves to the required amount, and gold coin will be received at its face value unless mutilated.

Under the Act as it now stands no member bank is required to carry any specified amount or quality of cash in vault as reserve. The only legal reserve is that required to be maintained in Federal Reserve banks.

Currency of any description will, therefore, now serve the ordinary purposes of all member banks, and only such amounts need be carried in vaults or tills as experience has proved to be necessary for daily operation.

Subscriptions to Liberty Bonds were very heavy in this district, and it is evident that heavy demands will be made upon Federal Reserve banks for loans in effecting payment of subscriptions.

Member banks are therefore urged in their own interest and in the interests of the District and country to build up the gold reserve in the Federal Reserve Bank and use for currency purposes Federal Reserve notes.

This bank will pay the transportation charges on gold coin and currency shipped to it in any amount in exchange for Federal Reserve notes to be used as vault currency, and will likewise pay the return transportation on Federal Reserve notes.

Respectfully,  
GEORGE J. SEAY, Governor.

#### RESERVE BANKS' GOLD DEPOSITS ABROAD—PAYMENT OF CREDIT BY LONDON BANKS.

The lodgment of gold with "foreign agencies" was reported for the first time in the history of the Federal Reserve banks in their weekly statements of last Saturday. The total of such deposits in the twelve Reserve banks of the country is shown to be \$52,600,000. In the case of the New York Federal Reserve Bank the gold deposited with foreign agencies is reported as \$18,738,000. The New York "Times," referring to the disclosure in the New York Reserve Bank's statement, said:

Officials of the Federal Reserve Bank declined to make public the names of the "foreign agencies," declaring that it was a matter concerning a customer of the bank, and one which they could not, with propriety, discuss for publication, but in financial circles it was assumed that the item represented a transfer of gold made to the Bank of England by the London banks, whose \$50,000,000 credit matured on Wednesday. Some time ago reciprocal arrangements were perfected between the Bank of England and the Federal Reserve Bank, and it is understood that the London banks, instead of shipping gold to this country, deposited the metal with the Bank of England the latter holding the same for the account of the Federal Reserve Bank.

The loan which matured Wednesday was for \$50,000,000, but interest at the rate of 5% for one year brought the total payment up to \$52,500,000. The day before maturity the United States Treasury advanced to the British Government \$35,000,000. This sum, plus the \$18,000,000 of gold "with the foreign agencies" is just a little in excess of the total required for meeting the obligation.

#### SECOND DIVIDEND DECLARATION OF NEW YORK FEDERAL RESERVE BANK.

Notice of the declaration of a second dividend by the directors of the Federal Reserve Bank of New York is made in a letter which goes to member banks to-day (June 30). The amount represented in the distribution is \$474,000. The first dividend, paid Dec. 30 1916, and which covered the period from Nov. 2 1914 to March 31 1915, called for a distribution of \$127,113. The increased amount of the dis-

tribution is due to the larger capital which the bank now has. The capital now stands at \$12,000,000. We give below the bank's announcement concerning the present payment:

FEDERAL RESERVE BANK OF NEW YORK.  
New York, June 30 1917.

Dear Sirs: On Dec. 31 1916 a dividend was paid by this bank for the period from Nov. 2 1914 to April 1 1915. The board of directors of this bank has declared a second payment on account of accumulated dividends, payable June 30 1917, at the rate of 6% per annum for the period from April 1 1915 to Dec. 31 1915, both dates inclusive, except that in the case of capital stock payments made prior to the due date of May 3 1915 the period has been calculated from such due date.

We enclose check for \$..... the amount of dividend due your bank.  
Respectfully,

BENJ. STRONG, Governor.

#### CHICAGO FEDERAL RESERVE BANK DIVIDEND.

The directors of the Federal Reserve Bank of Chicago at a meeting on June 27 provided for a dividend on the bank's stock held by the member banks at the rate of 6% per annum, covering the period from Jan. 1 to July 1 1916.

#### GOV. HARDING OF RESERVE BOARD URGES ALL BANKS TO TURN IN GOLD HOLDINGS TO RESERVE BANKS.

Discussing the plans of the Federal Reserve Board to maintain a proper balance of credit between the various sections of the country during the financing of the war, W. P. G. Harding, Governor of the Reserve Board, stated last week that all banks, whether members or not, can help in the present crisis by turning in to the Reserve banks their available gold holdings in exchange for reserve notes. Mr. Harding's remarks were addressed to the members of the Michigan Bankers' Association, in session at Detroit on June 19. The Detroit "Free Press" quotes him as follows:

The bankers must help investors pay for the Government war bonds for which they have subscribed. To fulfill this obligation all banking resources must be mobilized. Herein lies the great opportunity of the Federal Reserve bank system.

While the United States must spend four billion dollars a year during the remainder of the war, and must finance an expenditure of six billion a year by each of the Allies, 99% of the money will stay in this country, as it will be spent here for munitions and supplies.

Consequently the work of the Federal Reserve system will be the maintenance of a proper balance of credit between the various sections of the country. A short period of unequal credits may exist while this work is being made effective, but we are watching the situation closely, all Reserve banks wiring a daily statement of their condition to Washington.

In order to handle the situation, the Reserve Board has authorized Reserve Banks to rediscount eligible paper, which is short-time paper based on commercial transactions, as opposed to accommodation paper, at a rate of 3%.

Reserve Banks also are ready to rediscount any short-time note secured by a Government bond. In cases of outside banks this will be done if the paper is endorsed by a member bank of the system.

All banks, whether members or not, can help in the present crisis by turning in their available gold holdings to the reserve banks, taking in exchange reserve notes, which are now made legal reserves. State banks will be doing a patriotic service by joining the system and proceeding in this manner.

#### BRANCH OF RICHMOND RESERVE BANK AT BALTIMORE.

Advices that the Federal Reserve Board is ready to approve the establishment of a branch of the Richmond Federal Reserve Bank at Baltimore were conveyed on the 23d inst. to H. B. Wilcox, of Baltimore, by George J. Seay, Governor of the Richmond Reserve Bank, of which latter Colonel Wilcox is a director. Mr. Seay's letter, as published in the Baltimore "American" of June 26, said:

Richmond, Va., June 23 1917.

Col. H. B. Wilcox,

Merchants-Mechanics' First National Bank, Baltimore, Md.

Dear Colonel Wilcox:—The Federal Reserve Board has formally advised us that it is now ready to approve the establishment of a branch bank in Baltimore. We, therefore, advise you that in the near future, and as soon as possible, we will begin work on the details of the matter.

You are aware that extraordinary burdens imposed upon us as fiscal agents of the Government have occupied us night and day and are still heavy upon us. As soon as these duties are measurably lightened we shall begin to work out the plans for the establishment of the branch.

You are at liberty to make this announcement.

Yours very truly,  
(Signed) GEORGE J. SEAY, Governor.

#### PREDICTIONS OF HIGHER INTEREST RATES AT IOWA BANKERS' CONVENTION.

Discussing "The Nation's Awakening," Theodore E. Burton, former U. S. Senator from Ohio, and now President of the Merchants' National Bank of New York, in an address before the Iowa Bankers' Association on June 15 predicted, according to the Des Moines "Register," that available capital will be enormously diminished by the war, while interest rates are practically sure to rise above present rates. Mr. Burton also stated, the "Register" reports, that every time a bond issue is put out there is going to be a "jolt or flurry" which will tend to boost rates still more throughout

the war. He urged the bankers to watch loans carefully to avoid placing money in enterprises intended exclusively for the production of luxuries, not only for their own sakes but for the sake of the nation. Referring further to his remarks, the "Register" says:

He spoke against the readjustment of the tariff at this time and against the retroactive tax on incomes, which he likened to taxing a horse sold a year ago. He disagreed with the convention, however, on the subject of the stamp tax on bank checks, saying that it would prove very little inconvenience to bankers or patrons and that it was a patriotic measure to support it.

Of the excess profits tax he said that if it is to be levied very careful consideration must be made of the basis of taxation, whether it be on the excess over the average profit for a certain period of years or on the excess over a certain per cent of profit.

He suggested that it might be well to save the income tax or some other form for use after the war has proved that we will need still further forms to raise more money, if such an eventuality does arise.

Peter W. Goebel, President of the American Bankers' Association, another speaker at the meeting, urged the bankers to give the utmost consideration to farmers and others engaged in the production of foods or materials needed by the Government. The "Register" reports him as stating that the time will come soon when the banker who shows a large amount of rediscouts will not be looked upon with suspicion but as a patriot. He added:

We must rediscout freely. There has been entirely too much cowardice among bankers on this score, for it is just as much a function of the banker to rediscout at certain seasons of the year as it is to take in deposits every day of the year. The war will not be won by the side that has the most men, but by the side that can feed its men the longest. Therefore we must see to it that the men working for the Government have all the credit they need.

The Association went on record as opposed to the stamp tax on bank checks proposed in the war revenue bill, and approved the Hardwick amendments to the Federal Reserve Act. The resolution protesting against the stamp tax on bank checks was proposed by W. A. Hopkins of Lamoni, who declared that the contemplated legislation would result in people carrying currency in their pockets, withdrawing large sums from circulation and probably causing a currency famine. The exemption of small checks from the tax would, he said, necessitate the giving of two different check books to depositors. The Association pledged to "the Government of the United States a continuance of our loyalty, a persistence of our efforts, a maintenance of our traditions and the unsparing devotion of our resources, if necessary, to the last dollar."

#### RESULTS ACCOMPLISHED BY ST. PAUL FEDERAL FARM LAND BANK.

The Federal Farm Loan Act was discussed at the convention of the Minnesota Bankers' Association at St. Paul on June 21 by E. G. Quamme, President of the St. Paul Federal Land Bank. Mr. Quamme described the act as the "Magna Charta of Agriculture" and we learn from the Minneapolis "Tribune" declared it to be the greatest piece of constructive legislation, from an agricultural standpoint, enacted in this country since the days of the homestead act. Not only did he contend that it ought to result in doubling agricultural production, but he also averred that it should result in increased transportation and better distribution to the benefit of everybody. The paper quoted further says:

As evidence that the bank is popular, Mr. Quamme said that at the close of business June 15 138 loan associations had completed their organization in the St. Paul district and had forwarded their papers to the bank. The membership of these associations totals 2,398 and the loans applied for aggregated \$5,796,000.

There are 396 additional associations forming. The associations already formed average 21 members and \$42,000 in loans each. Within six months after the establishment of the bank the applications for loans will aggregate \$8,694,000.

In opposing the proposed stamp tax on checks the bankers argued that it would bring about just the opposite results expected by the Government, since, they argued, it would tend to discourage deposits at a time when all the available cash in the country is needed for commercial purposes and for the business of the Government. The President of the association was authorized at the meeting to appoint a committee of five which would be charged with the duty of getting the machinery of the association in readiness to respond at any time to the call of the Government.

#### PARTICIPATION BY INVESTMENT HOUSES IN MARKETING FEDERAL FARM LOAN BONDS.

Announcement that the Federal Farm Loan Board had concluded an arrangement whereby a group of investment houses would participate in the marketing of Farm Loan bonds, was made in the following statement issued by the Treasury Department on June 22:

Washington, June 21.

The Federal Farm Loan Board, on behalf of the twelve Federal land banks and at their request, has concluded an arrangement by which a group of Investment Houses will participate in the marketing of Farm Loan Bonds, soon to be issued by the banks. The preliminary negotiations have been had with Alexander Brown & Sons of Baltimore; Brown Brothers & Co., of Philadelphia; Harris, Forbes & Co., of New York; and Lee, Higginson & Co., of Boston, who are among the oldest and most conservative houses in the country having large lists of customers and facilities for the distribution of bonds to investors.

While such securities as Farm Loan Bonds are well known in Europe, where they generally sell on a parity with Government Bonds, the American investor is not yet educated to them, and it is believed that by utilizing the facilities of these investment houses a larger number of investors can be reached in a shorter period of time than would otherwise be possible, and that in this way a broad and continuing market for Farm Loan Bonds can be promptly established. The four houses agree to form a national group, including houses in every land bank district, which will market approximately half of the bonds issued by the banks during the next six months, up to a total of \$30,000,000. The other half will be sold directly by the banks to investors in their respective districts. It is estimated that the total issues of bonds by the banks within a year will amount to between \$100,000,000 and \$150,000,000 and our agricultural exigencies require that there shall be neither uncertainty nor delay about providing these funds for American farmers.

In response to a request from Secretary of the Treasury McAdoo, Attorney-General Gregory made a careful examination of the Federal Farm Loan Act and rendered an opinion fully sustaining the constitutionality of the Act, and approved especially the provisions relating to the issue of Farm Loan Bonds, the validity of such bonds, and all their tax exemption privileges. Later, the Investment Houses made an exhaustive study of the security of the bonds, and before concluding a contract, took the opinion of former Justice Charles E. Hughes, who gave his full and unqualified approval as to the constitutionality of the Farm Loan Act; the legality of the bonds issued under it, and the validity of the exemption of these bonds from all forms of taxation. The bonds will be offered to the public by the land banks and the Investment Houses concurrently, about July 1, when terms and other details will be announced.

#### WASHINGTON BANKERS ON RESERVE ACT AMENDMENTS AND PROPOSED TAX ON CHECKS.

Declaring that the exemption in the war revenue bill of small checks from the stamp tax will cause confusion, the Washington Bankers' Association, in a resolution adopted at Spokane on June 15, decided to memorialize the Government to make the tax uniform on all checks without regard to the amount. The Association also adopted a resolution indorsing and petitioning the enactment of the amendment to the Federal Reserve Act permitting State banks entering the Reserve system to be governed by the loan limitations provided in the laws of the various States, "but limiting rediscounting with Federal Reserve banks to the provisions of the national bank Act." A further resolution urges upon the members of the Association that, as a further demonstration of their patriotism, they assist our Government in spreading information as fully as possible regarding the war conditions and in pointing out the duty of all the peoples to give their most liberal financial as well as their full moral support to our Government in this war."

A State Bankers Section of the Washington Bankers' Association was organized at the meeting of the latter body by 167 of the State bankers, A. G. Pritchard, Vice-President of the Fidelity Trust Co. of Tacoma, is President of the new Section.

#### LAST CALL UNDER WHICH NATIONAL BANKS WILL COMPUTE RESERVES ON OLD BASIS.

The Comptroller of the Currency in a statement issued on June 23, calling attention to the reserve requirements under the newly enacted amendments to the Federal Reserve Act, announced that the call of this week would be the last requiring the computation of reserves on the old basis. The Comptroller also stated that it had been suggested by the Federal Reserve Board in order that the transfer of increased balances to the Reserve banks by country banks and Reserve city banks might be made with the least inconvenience, that if the reserve increases required under the new law were provided by Reserve city banks and country banks not later than July 15, and the reserves carried with the Reserve banks were maintained meanwhile at not less than the percentage heretofore required, the Reserve banks might omit for this intervening period the imposition of penalties, for reserve deficiencies, against national banks which on that date have failed to fulfill the requirements with regard to reserve balances. The Comptroller's statement follows:

Washington, June 23 1917.

The Comptroller of the Currency has sent to all national banks throughout the country the following announcement:

"The President has signed the amendment to the Federal Reserve Act changing reserve requirements of national banks. From this date the law requires all national banks in Central Reserve cities to maintain in their respective Federal Reserve banks a balance of 13% of demand deposits, banks in Reserve cities a reserve of 10% of demand deposits, and country banks a reserve of 7% of demand deposits. National banks in

Central Reserve cities, Reserve cities and also country banks will be required to keep a reserve on their time deposits of 3% with their Reserve banks, instead of the 5% reserve heretofore required. National banks are not now required to keep reserve against Government deposits (exclusive of postal savings).

"The law does not require national banks to keep reserves other than those they are required to carry in their respective Reserve banks, but each bank will, of course, naturally arrange to carry in its own vault sufficient funds to meet its current cash requirements.

"The Federal Reserve Board has requested that national banks in Central Reserve cities bring their balances with their Reserve banks up to the new requirements not later than the 27th inst.

"In order that the transfer of increased balances to the Federal Reserve banks by country banks and Reserve city banks may be made with the least inconvenience, the Federal Reserve Board has suggested that if the reserve increases required under the new law are provided by Reserve city banks and country banks not later than July 15, and the reserves carried with the Federal Reserve banks are maintained meanwhile at not less than the percentage heretofore required, the Federal Reserve banks may omit for this intervening period the imposition of penalties, for reserve deficiencies, against those national banks which shall not before July 15 bring their reserve balances with their Reserve banks up to the full percentage required by the new law."

The next call for reports of condition by national banks, which will be issued in the next forty-eight hours, will require the computation of reserves to be made for the last time on the old basis.

The call of the Comptroller for a report of condition of the national banks, here foreshadowed, came June 25 and fixed the date of condition for June 20.

#### VETO OF BILL INTENDED TO INSURE EXCHANGE CHARGES TO NEW YORK STATE BANKS.

The Newton bill, imposing a fine of \$1,000 on any "person, association of persons or corporations," seeking to compel a bank or trust company to forego its right to make a reasonable charge for domestic exchange, has been vetoed the present month by Governor Whitman. Reference to the adoption of the bill by both branches of the New York State Legislature was made in these columns May 5, when we stated that it was evidently designed to circumvent the New York Federal Reserve Bank in its attempt to coerce the smaller State banks into paying checks drawn upon them at par. When the Reserve Bank some weeks ago began the presentation of checks for payment at the counters of protesting banks, some of the latter retaliated by stamping their checks "Not payable through an express company." To get around this, the Reserve Bank established agencies at the places involved. The proposed legislation vetoed by the Governor would have represented an addition to Section 140 of Chapter 369 of the Banking Law of 1914, relating to the collection of checks. The new provision would have read as follows:

No person, association of persons or corporation shall, with intent to compel a bank or trust company to forego its right to make a reasonable charge for domestic exchange or to compel such bank or trust company to pay checks drawn upon it at any other place than its own office in cash or its equivalent, or to remit the face value of checks drawn upon it at par to any other city or village than that in which the office of such bank or trust company is located, accumulate such checks and present them for payment at the office of such bank or trust company through an express company or other agent, or resort to other unusual methods in the collection of such checks; nor shall any person, association of persons or corporation, with such intent, cause such checks, deposited for collection in a Federal Reserve bank, a national banking association, bank or trust company located in another city or village than that in which such bank or trust company has its office, to be presented for payment at the office of such bank or trust company through an express company or other agent, or, with such intent, cause any other unusual method to be employed in the collection of such checks; nor shall any person, as the agent of any such person, association of persons or corporation, present such checks owned by residents of other towns, villages or cities than that in which the office of such bank or trust company is located, present such checks for payment at the office of such bank or trust company.

#### RETIREMENT OF WILLIAM SHERER AS MANAGER OF NEW YORK CLEARING HOUSE ASSOCIATION.

William Sherer, Manager of the New York Clearing House Association for the past twenty-five years, tendered his resignation at a special meeting of the Association on June 27. Mr. Sherer, whose resignation will take effect July 1, relinquishes the duties so long performed by him because of advancing years. He will be eighty years old in September. At Wednesday's meeting, in which appreciation of his services was voiced, it was decided to continue the retiring Manager on the pay-roll. Alexander Gilbert, President of the Market & Fulton National Bank, was among those who lauded the work of Mr. Sherer.

Mr. Sherer has been in active service in the financial district since 1853. His connection with the Clearing House dates from 1888, when he entered its service as Assistant Manager, in which capacity he continued for four years, when he became Manager. Prior to becoming affiliated with the Clearing House Mr. Sherer had been in the employ of the old Metropolitan Bank, and from 1863 to 1888 he had held the post of Acting Assistant Treasurer and Cashier of the local Sub-Treasury. Mr. Sherer at the present time is Vice-President of the Metropolitan Savings Bank; a thirty-

third degree Mason, Past Grand Master of the State of New York; Chairman of the Masonic Liberty Loan Committee, and a member of the Union League Club and the Chamber of Commerce. He was born in Bluegrass, Ky.

As Manager of the Clearing House Mr. Sherer is succeeded by William Jay Gilpin. Mr. Gilpin has served the Clearing House since 1877. He was made teller in 1888 and has been Assistant Manager since 1892. He was associated with the loan committees of 1884, 1890, 1893, 1907 and 1914. He is a Trustee of the Brevoort Saving Bank and is a member of the Chamber of Commerce and Bankers' Club of America.

Clarence E. Bacon has been appointed Assistant Manager succeeding Mr. Gilpin. He entered the Clearing House in 1893 and has been Chief of the Collection Department of the Clearing House since its organization in 1915. Mr. Bacon is a member of the State Bar, but has never been in active practice.

#### "WAR CONVENTION" PLANNED FOR AMERICAN BANKERS AT ATLANTIC CITY.

Concerning the coming convention at Atlantic City of the American Bankers' Association the July "Journal" of the American Bankers' Association says:

Immediately after the spring meeting of the Executive Council, the chief business of the American Bankers' Association became participation in the flotation of the Liberty Loan. With that patriotic duty performed, the Association has now turned its attention to arrangements for the annual convention to be held at Atlantic City the week of Sept. 24.

It will be a "War Convention." It is not possible at this time to give the names of the speakers who will be heard at the general sessions, as these will be finally passed upon at a meeting of the Administrative Committee early in July, but it can be stated definitely that if present plans mature the bankers who attend the convention will have an opportunity to make a first-hand acquaintance with men of national and international reputation—the men who are doing the world's work in the fight of democracy against autocracy. Questions of technical banking interest undoubtedly will have an important place on the program, particularly so far as the Sections are concerned, but in the general convention, at a time when the main business of the country is war, it is believed that the bankers who rendered such splendid assistance in the first financial drive should have a chance to see in the flesh men whose names are to-day household words and to hear in detail the story of the Association's work on the Liberty Loan.

Of one thing members of the American Bankers' Association can feel certain: there never has been any intention of abandoning the convention because of the war, as has been rumored recently, nor was the matter ever discussed, formally or informally. It is quite possible, and even probable, that the entertainment program will be curtailed, in view of the fact that American soldiers will be in the trenches by September and convention entertainment on a large scale will hardly be in keeping with the spirit of the times; but as a matter of fact, Atlantic City itself offers such unlimited possibilities for enjoyment that a set program is almost unnecessary.

#### LIBERTY BOND DATA REQUIRED UNDER NEW CALL OF COMPTROLLER OF CURRENCY.

Under this week's call of the Comptroller of the Currency made upon the national banks for a report of condition at the close of business on June 20 the banks are required to supply information on a number of points not heretofore embodied in the reports. In particular the Liberty Loan issue occasions some of the new data, the following being questions which the new blank contains relative thereto:

(a) Amount of Liberty Bond subscriptions received by or through this bank, exclusive of this bank's own subscriptions, but, including such subscriptions of officers, directors, employees and other customers.

(b) Amount of Liberty Bond subscription taken by this bank for its own account.

(c) Total amount of Liberty Bond subscriptions received and transmitted by this bank, including subscriptions of customers, and also including subscriptions made by this bank for its own account.

(d) Amount of Liberty Bonds upon which this bank has made or agreed to make advances, to or for customers or correspondents, whether for the amount of one or more installments.

This (d) applies to the amount of Liberty bonds upon which the bank has agreed to make advances and not to the amount of the advances.

The Comptroller of the Currency in a letter issued under date of June 21, pointing out new features in the report, said:

TREASURY DEPARTMENT,  
Comptroller of the Currency.

Washington, June 21 1917.

To the Cashier:

There are enclosed three blank reports of condition and two publisher's certificates to be used at the time of the next call for a statement of the condition of your bank.

Your attention is called to the following items in this report, and you are requested to use special care to see that these items are properly reported.

#### ON FACE OF REPORT.

Item No. 1.—"Loans and Discounts." The deductions under this heading have been separated as follows: (d) Notes and bills rediscounted (other than bank acceptances sold.) (e) Acceptances of other banks payable at future date, guaranteed by this bank by indorsement or otherwise. (f) Foreign bills of exchange or drafts sold with indorsement of this bank, not shown under item (d) above.

The above items (e) and (f) were heretofore included in Rediscounts and shown separately in a schedule on the back of the report. This schedule has now been eliminated and the items are shown on the face of the report.

The contingent liability of the bank on account of transactions included in these items is shown on the liability side of the statement under items 55 (a), (b), (c).

Item No. 5.—United States Treasury Certificates of Indebtedness are included with United States bonds in this item.



Item No. 6.—“Payment on Account of Subscriptions for Liberty Loan Bonds.” Under this item should be shown only the amount actually paid by the bank on account of its subscription for Liberty Loan bonds.

Items Nos. 44 and 45.—United States Deposits, including deposits of Postal Savings funds, upon which, under the Act of April 24 1917, reserve is no longer required, have been separated from deposits upon which reserve is required to be held.

Cashier's attention is called especially to the following requests: Banks are again requested to exercise greater care in the preparation of these reports in order to avoid unnecessary correspondence and the making up of new reports.

In recent reports a large number of banks failed to enter the date in heading and a great many have failed to observe the instructions which appear on each report that “to avoid discrepancies the total should be verified.”

Schedule 8, “Loans and Discounts,” and Schedule 20, “Bonds, Securities, &c.,” are to be abstracted from the next report for the Comptroller's Annual Report to Congress, and unless these schedules are in balance and agree with the corresponding items on the face of the report, corrected schedules will be required.

In making up your next report of condition lawful reserve should be computed on the same basis as heretofore, except that the reserve is not required on Government deposits.

The new reserve requirements (according to amendments to the Federal Reserve Act, just passed) will not take effect until after the date for which the next statement of condition will be called.

Respectfully,

JNO. SKELTON WILLIAMS, Comptroller.

We also take occasion here to refer to new features which were embodied in a report under an earlier call of the Comptroller this year—that of March 10 requiring a statement of condition on March 5. In making this call the Comptroller issued two circulars to the banks, one calling attention to new items in the blank form on which they were required to report, and another directing that a copy of the statement be sent to the Federal Reserve Agent. We print below the letter indicating the new requirements under the March 5 call:

TREASURY DEPARTMENT,  
Washington.

March 7 1917.

Comptroller of the Currency.

To the Cashier:

There are enclosed three blank reports of condition and two publishers' certificates to be used at the time of the next call for a statement of the condition of your bank.

Your attention is called to the following items in this report, and you are requested to use special care to see that these items are properly reported.

ON FACE OF REPORT.

Resources.

No. 1c. “Acceptances of this bank purchased or discounted.” A great many banks do not seem to have understood the instructions in letter of December 28 in regard to this item. You are, therefore, again advised that acceptances of your own bank purchased or discounted must be shown as a part of your loans and discounts under Item 1c, and should not be entered under either 4a or 4b, nor 51a nor 51b.

No. 4a. “Customers' liability account of ‘Acceptances’ executed by this bank.”

No. 4b. “Liability of foreign banks and bankers for drafts and bills accepted by this bank to create dollar exchange.”

Amounts shown under these items should not exceed the amounts shown under 51a or 51b, as obviously the amount of customers' liability on account of acceptances cannot exceed the bank's liability thereon.

Liabilities.

Nos. 26 and 27. “Amounts reserved for taxes and interest.” These items should not be changed to include amounts reserved for other purposes. Amounts reserved for other purposes should be reported as such under Item 52.

Unfilled Items or Schedules.

The word “None.” The printed instructions on the report read: “Where there are no figures to go in a particular item or schedule, the word ‘None’ must be written.” The dittoing or inserting of a check mark or the use of the word “None” in such a manner as to cover more than one item is not satisfactory, and unless the word “None” is plainly written or stamped in each item where no amount is to be entered, a new report may be required.

Schedules.

Schedules formerly numbered 10 and 12 are omitted on the new form. Nos. 30 to 35 are new schedules and are self-explanatory. Banks are cautioned to give particular care to the filling in of these new schedules and to avoid errors.

Respectfully,

JOHN SKELTON WILLIAMS,  
Comptroller.

We also give below schedules 30 to 35 in the March 5 form of report, which, as noted in the above letter, were new items called for in the statement:

(30) NUMBER AND AMOUNT OF DEMAND AND TIME LOANS made between December 27 1916 and date of this report, both inclusive, upon which interest was charged or collected, either in the shape of interest, discount, or commission, at rates which would amount to more than the equivalent of 6% per annum, but excluding loans upon which the interest or discount collected on each note did not exceed 50 cents. (This list includes bought paper, as well as loans made directly.)

Loans and Discounts upon which there was charged or collected the equivalent of more than 6% per annum.	Demand.		Time.		Total.	
	Number of Loans and Discounts.	Aggregate Amount.	Number of Loans and Discounts.	Aggregate Amount.	Number of Loans and Discounts.	Aggregate Amount.
Over 6% but less than 7% per annum.....		\$		\$		\$
7% or more but less than 8% per annum.....						
8% or more but less than 10% per annum.....						
10% or more but less than 12% per annum.....						
12% or more but less than 15% per annum.....						
15% or more but less than 24% per annum.....						
24 per cent per annum and over.....						

Number of Loans and Discounts. Aggregate Amount.

Loans made from December 27 1916 to date of this call, on which the interest or discount collected per loan amounted to only 50 cents or less..... \$.....

Note.—The above total should include the aggregate both of new loans and of renewals. For example: If a 60-day note for \$1,000 was made in January, renewed in March for \$1,000 for 60 days, curtailed \$400 and renewed for \$600 for 60 days in May, this should be counted as three loans of an aggregate of \$2,600.

Banks are cautioned to prepare this statement with care and accuracy. When this report shall have been received, National Bank Examiners will be instructed to verify the reports submitted by some banks, and if errors or discrepancies should be discovered which may seem to make it necessary in order to secure accuracy to verify the reports submitted by all banks, the Examiners will be given instructions accordingly.

(31) LEGAL INTEREST RATES. The present “legal” rate of interest in this State is.....% The maximum rate which it is lawful to charge by special written contract is.....%

(32) NUMBER OF SHAREHOLDERS. Total number of shareholders of bank..... Number of women shareholders (included in total).....

(33) CREDITING OF INTEREST ON DEPOSITS. When, according to your custom, do you credit interest on interest-bearing deposits other than those represented by certificates of deposit?..... Have you any deposits upon which you are liable for interest, but upon which no interest was credited during the past twelve months? If so, what is the aggregate amount of such deposits upon which you are liable for interest, but upon which no interest has been credited for more than a year?..... \$.....

(34) DORMANT ACCOUNTS.

	Number of Accounts.	Aggregate Balances.	Rate of Interest Allowed
If bank has deposit accounts from which no withdrawals have been made and to which no deposit have been credited (exclusive of any interest credited by the bank on deposits) since January 1 1912, give number and aggregate amount of such balances and rates of interest paid or allowed thereon, if any.....		\$	%

(35) SERVICE CHARGES.

National banks are notified to keep a clear record hereafter of all charges or collections made by them from customers or depositors for bookkeeping or other services, exclusive of the direct charges made for exchange or collection of checks, and exclusive of the charges made for interest or discount, so that these figures may hereafter be reported accurately and without inconvenience whenever called for by this office.

RED CROSS FUND OF OVER \$100,000,000 RAISED.

The oversubscription of the huge war fund for the American Red Cross was announced on Tuesday last, when the eight day nation-wide campaign closed. The original plans called for the raising of a fund of \$100,000,000, but on Saturday last it was decided to raise the maximum to \$110,000,000 to cover any duplications. On Tuesday's the nation's contributions were estimated by Henry P. Davison, Chairman of the Red Cross War Council at \$114,000,000. On the 25th, when the subscriptions were continuing to pour in, the total for the country outside New York City was figured at \$60,650,000, while New York's total was slightly under \$40,000,000, the original quota allotted to it, but which with the decision to raise a fund of \$110,000,000, was increased to \$50,000,000. Seward Prosser, Chairman of the Executive Committee of the Red Cross War Fund Finance Committee, in making known last Saturday the intention to raise an additional \$10,000,000 or \$110,000,000, said:

We must have the additional \$10,000,000 to cover duplications. The corporation dividends have been counted in the New York total, but many of the checks will come through various cities where the stockholders live. This makes an unavoidable duplication, which must be allowed for in our final estimate. We must have the extra \$10,000,000 to cover it. It will be New York's task to raise the additional \$10,000,000.

Mr. Davison's statement of June 26, announcing estimates of \$114,000,000 realized for the fund was printed in the “Times” as follows:

The returns up to 9 o'clock to-night indicate that during the past week at least \$114,000,000 have been subscribed to the Red Cross War Fund. This assumes that stockholders in companies which have declared special dividends amounting to some \$20,000,000 will turn their dividends over to the Red Cross.

Local chapters of the Red Cross are entitled to retain for their own 25% of the total amount collected, but it is very evident that the National Red Cross will have a generous fund with which to begin its tremendous tasks. The result which has been achieved is indeed gratifying. Never before in the history of the world was such a fund for the relief of human suffering realized by voluntary subscription in so brief a period.

This result was made possible by surprisingly generous contributions in many communities. The most inspiring, indeed the most extraordinary feature of the campaign, has been the number of contributors, as well as their wide geographical distribution. Many millions of our people, representing every part of the country, have given and worked to induce others to give.

Nothing which has happened before shows so clearly as this campaign that the great heart of the American people is in this struggle with determination that our own men shall be cared for, that everything that can be done shall be done to hearten and to aid the suffering peoples among our Allies, indeed that nothing shall be left undone to win this war.

No time will be lost by the Red Cross in its efforts to accomplish results with the large resources with which it has now been supplied. Some of the plans which are being developed and which we hope promptly to carry into execution are the following:

First and foremost, we shall provide, as we may be called upon by the Army and Navy, for the care and safety of our soldiers and sailors wherever they may be.

We shall provide funds whereby the American Red Cross Commission may take over administration of American relief work in France. Major Grayson M. P. Murphy, head of the French Commission, has been appointed by General Pershing a member of his staff, and the Red Cross

has appropriated at Major Murphy's cabled request \$1,000,000 to take care of immediate needs.

We have cabled each of the Allied Governments, seeking authority to install an American Red Cross dispensary in each of their important seaport cities—a measure of relief urgently needed.

We shall send to Russia a commission of some twenty experts, under the leadership of Dr. Frank Billings of Chicago, to study the needs and the best means of aiding the Russian people.

The Commission will be equipped with materials, instruments, and facilities for extending immediate relief in urgent cases, and the Red Cross will meanwhile organize to render large and effective aid along the battleline and elsewhere in Russia where there is acute distress. We shall send a similar commission to make a survey and likewise equipped with supplies and instruments to extend immediate relief to the people of Roumania.

The War Council of the Red Cross is deeply sensitive of its very grave obligation to administer the very large sum of money intrusted to it with all the wisdom and foresight which can be mustered into service.

Our policies and plans will be made known as they are developed. It will be our purpose to conduct our work with the utmost publicity and to take the public as completely as possible into our confidence. The Red Cross belongs to the people and the War Council wants the public to understand the seriousness with which it regards the trust which has been committed to it.

Tuesday night's reports from Washington stated that more than 1,000 of the larger cities had raised more than their allotments. Among the States which exceeded their quotas were Delaware, Massachusetts, Michigan, Minnesota, New York (outside New York City), Ohio, Pennsylvania, Wisconsin, Connecticut, Alabama, Arkansas, Colorado, Wyoming, Utah, Idaho, Maine, New Hampshire, Maryland, New Jersey and West Virginia. All sections of the country passed their goals, with the possible exception of the South.

In addition to the list of corporations which Mr. Prosser made known last week had declared special Red Cross War dividends, he this week also reported similar action by the following:

Commer'l Trust Co., Phila.	\$10,000	Terminal Warehouse Co.	20,000
Insurance Co. of N. America.	50,000	National Silk Dyeing Co.	25,000
Seaboard National Bank.	10,000	Ghard Trust Co.	50,000
Ajax Rubber Co.	14,200	Bates Mfg. Co.	12,000
Atlantic, Gulf & Pacific Co.	15,000	Ohio Leather Co.	8,000
Alliance Insurance Co.	7,500	Penn. Nat. Bank (Phila.)	5,000
Bethlehem Steel Co.	600,000	Tradesmen's Natl. Bank (Phila.)	5,000
American Exchange Bank.	50,000	St. Mary's Mineral Land Co.	8,000
Mechanics & Metals Bank.	60,000		

In the case of several organizations announced last week as having declared dividends, but for which the amounts were not reported the amounts are as follows:

Arizona Commercial Mining Company	\$26,489
United Dyewood Corporation	130,000

The report that Cleveland H. Dodge and George F. Baker would remove the conditions they had originally attached to their gifts of \$1,000,000 each to the fund, was confirmed by the managers of the campaign on Monday last. It was stated that realizing that twenty-three others would not contribute \$1,000,000 which they had made a condition of their contribution they had formally notified Mr. Prosser that the condition was withdrawn. The team workers of this city, in recognition of the work of Mr. Prosser in the campaign, presented him on Tuesday last with a silver cup.

Eliot Wadsworth, Chairman of the Red Cross Fund, on June 24 stated that new demands showed that the \$100,000,000 fund might not last longer than six months. He said:

The need for relief work in nearly all the Allied countries is looming so big that our \$100,000,000 can easily be spent within six months, even though the Red Cross practice every economy and give aid only to the most worthy causes.

A communication from the State Department at Washington warning against the inclusion in Red Cross hospital units intended for service abroad of persons of German, Austro-Hungarian, Turkish or Bulgarian nationality or birth had been sent, it was made known in the "Times" of the 22nd to the American Red Cross districts throughout the country by Col. J. R. Kean, of the Medical Corps, U. S. A., Director General of Military Relief. Col. Kean, in his letter as reported in the "Times," said:

The Department regards it as of greatest importance that hospital units intended for service abroad should not include Austro-Hungarian, Bulgarian, and Turkish nationality or birth, or persons of German nationality or birth. It must be remembered that, although Austria-Hungary, Bulgaria and Turkey are not at war with the United States and their nationals have not, therefore, the status of alien enemies in the United States, they have such status in the United Kingdom, France, and allied countries. It is further to be noted that American citizens of German, Austro-Hungarian, Bulgarian, or Turkish birth, loyal as they may be to the United States, have from the beginning of the war been regarded with suspicion in the United Kingdom, France and the allied countries. Their inclusion in Red Cross units for service in those countries is a cause of anxiety and apprehension to the officials thereof. A similar attitude is held toward citizens of the United States who were born in this country but whose fathers were born in Germany, Austria-Hungary, or allied countries. The

Department understands that the consular officers of France, Great Britain, and their Allies have been instructed to decline to vise passports held by persons of either of the classes mentioned.

I am sure that the American Red Cross will appreciate the importance of giving due consideration to the wishes of countries to which hospital units may be sent. It is requested that Directors exercise the greatest care in the enlistment of the male administrative personnel of Red Cross base hospitals not to include persons of the nationalities mentioned by the Secretary of State, and that chief nurses take the same precautions with regard to the selection of nurses.

In a further reference to the matter, explaining that the restrictions to persons of foreign birth or parentage applied only to the base hospitals of the Allies, the "Times" printed the following dispatch from Washington on the 23rd:

According to officials of the Red Cross and the State Department, restrictions imposed by the United States Government on sending to Europe in Red Cross units American citizens born in countries with which the United States and the Entente Allies are at war or who were born in the United States of parents from those countries, does not apply to any units of the Red Cross sent with the American forces that are to fight in France. The notice given by the State Department as to such persons was based on requests from the British and French Governments that American Red Cross units sent to Europe with the British and French armies do not include persons of the classes mentioned.

The reason given by the Allied Governments for asking the United States to observe this precaution was that those Governments adhered to such a rule, and that to make any exception might lead to serious complications. Officials of the United States, it was explained, saw no objection to the limitation and accepted the suggestion. The limitation, it is explained, applies only to the base hospitals of the Allied Governments. American citizens who have the proper qualifications will be accepted as members of the American Red Cross for service with United States troops in Europe without regard to their descent from persons of Teutonic birth.

On Wednesday a letter in which Col. Theodore Roosevelt expressed the hope that the Government will at once recede from its position of refusing to allow Americans citizens of enemy nationality to serve in the Red Cross units abroad was made public. Mr. Roosevelt's letter, prompted by the "Times" announcements, were addressed on the 26th inst. to C. A. A. McGee, of San Diego. In it he said in part:

Service in the Red Cross should be like service in the ranks of the Army: no man worthy to serve in one should be barred from service in the other. If any spy or disloyal person is found in either, in the theatre of war, he should be hung out of hand or shot by drumhead court-martial, without mercy; whether he is of native or foreign parentage. But it is an intolerable wrong and insult to discriminate or permit discrimination between loyal and devoted Americans because of their parentage or birthplace.

If I had been allowed to raise the four divisions of volunteer troops which Congress authorized me to raise I would have asked that one of the divisions should be commanded by General Kuhn, the head of the War College; and another divisions, or else a brigade, by my old head of the Philippine Constabulary, Colonel Bandholtz. Both are of German parentage; both are Americans and nothing else, and I would eagerly and proudly have served under either. Four of the regular officers whom I have recommended for Colonels are of German parentage or descent. One of the few non-regulars whom I would have recommended for a Colonelcy, at present the Colonel of a National Guard regiment in Illinois, is of German parentage, and he told me that 85% of the men who would have come in with him were of foreign parentage. My headquarters chaplain (not of my religious creed) would have been a retired regular army officer, born in Germany; my brigade Quartermaster, a man of German parentage.

These men, and many, many others like them, are fit to lead our armies in war, and to hold our highest civil offices; and they stand in the forefront of our citizenship in time of peace. They are Americans in every fibre of soul and body. I would gladly confide the honor of the flag to their keeping, exactly as I would gladly confide my own honor and good name to their keeping. I resent any slur on their loyal Americanism as keenly as I would resent any slur on my own; and if they, and those in heart like them from the highest to the lowest, are not fit to represent this country—in the Army, in the Red Cross, in any and every capacity—at home or abroad, then no Americans are fit to represent us.

I earnestly hope that the Government will punish with alert, instant and unsparing severity any man of whatever origin who is disloyal to us or false to our Allies in any position during this war; but I no less earnestly hope that the Government will refuse to permit any discrimination among true and loyal Americans because of their parentage, birthplace or creed.

The attitude of the Government in the matter was finally made clear in a statement issued by the State Department on June 28 in which it was set out that the restrictions against persons of enemy birth or ancestry would not apply to those going to England, France or Allied countries as members of Red Cross units attached to the American Army or in any way connected with the American Army, but would apply only to civilian representatives of the Red Cross. The State Department's explanation of the matter is as follows:

Concerning the Red Cross question of the appointment for service in the American Red Cross in France, Great Britain and Allied countries of German, Austrian or Turkish subjects or American citizens of German, Austrian or Turkish parentage or birth, the Department of State desires to emphasize the fact that the loyalty and good faith of American citizens referred to has been and is in no degree questioned by this Government.

The Red Cross will operate with the American Army, and under its control and direction and will also operate (independent of American military control) with the armies and civilians of the Allied countries and under their direction and control. Obviously it is necessary to conform to the views of those countries with whose armies and among whose civilians Red Cross units carry on their work. The question concerns only persons going to the countries mentioned as civilian representatives of the Red Cross. There is no reference whatsoever to persons going to those countries for service in the army or in any way connected with the army. The conditions which apply to the personnel of the Red Cross units should not, therefore, be confused as applying also to the personnel of the hospital units of the United States army.

It should be observed that while the Red Cross was advised against the appointment for service in the civilian work in the Allied countries of persons of German, Austrian, or Turkish birth, the department, with regard to persons born in the United States of German, Austrian or Turkish parents, merely called attention to the attitude of the foreign Government.

The issuance of the above statement was preceded by a conference which Mr. Davison had on June 27 with Secretary Lansing to secure a modification of the original ruling. On that day Mr. Davison issued a statement saying:

In view of the earnest and whole-hearted way in which so many Americans have volunteered their services in manning these base hospital units, this ruling of the Allied nations is peculiarly embarrassing to the work of our Red Cross. The Red Cross has, of course, never questioned the loyalty of any American citizen, no matter what his place of birth, offering to make the sacrifice which any such volunteer service entails.

It is not difficult to appreciate the attitude of the Allied Governments, responsive as they are to the sentiment of their peoples. Such a ruling might perhaps be applied in a country containing only a relatively small number of citizens of alien birth, but to apply such an invariable rule with reference to workers from such a people as our own, must inevitably result in unfair discrimination against some of our most patriotic people.

Obviously, no such ruling can be applied against our troops who will be fighting side by side with the Allies in France, and I am confident that when the situation is fully understood, exemption will be made in favor of those loyal American citizens who are sent to participate in the humanitarian work our Red Cross is undertaking.

It may be that by some chance a disloyal man or woman may enlist, but I had rather take that chance than to take the chance of having any of our people dispirited or disheartened when they are really trying to help.

I am sure that it is not the purpose of the Allied nations to discriminate against any loyal American citizen. But it is of vital importance that the matter be so arranged, not only that no discrimination shall be intended, but that there shall be no appearance of discrimination.

**N. Y. BANKERS PLEDGE AID TO RED CROSS WAR FUND.**

A resolution in which the members of the New York State Bankers' Association pledged themselves to contribute approximately \$3,000,000 to the Red Cross War Fund was adopted at the convention of the association at Lake Placid on June 22. It had been intended to recommend that the dividend be fixed at 1%, thus assuring the raising in this way of \$2,770,742, but in the hope that some of the banks might determine upon a larger declaration no rate was specified in the resolution. The following letter calling attention to the resolution was sent to the State banking institutions by Secretary Gallien of the Association this week:

NEW YORK STATE BANKERS' ASSOCIATION,  
New York, June 27 1917.

To all Incorporated Banks, Trust Companies, and Incorporated Banking Houses in the State of New York

Gentlemen.—Mr. John H. Gregory, President of the Central Bank of Rochester, N. Y., who was elected President of this Association at its annual convention held at Lake Placid last week, desires your attention called to the very important action taken in behalf of the Red Cross when the following preamble and resolution was unanimously adopted:

"Whereas, The President of the United States has by public proclamation urgently requested that a concerted country-wide effort be made to raise a large sum of money for war-relief purposes for the American National Red Cross; and

"Whereas, Many New York State banks have already declared a special, extra dividend of 1%, known as a Red Cross dividend, to aid their stockholders in making a contribution to such fund; and

"Whereas, The New York State Bankers' Association in convention assembled at Lake Placid, New York, its twenty-second day of June, nineteen hundred and seventeen, does approve of such action on the part of banks in this State; now, therefore, be it

"Resolved, That we recommend to all incorporated banks, banking houses and trust companies in the State of New York that they and each of them immediately declare an extra dividend and that such dividends be contributed to the National Red Cross Fund under the plan as formulated by the National Red Cross Committee, such dividend, if it is so desired, to be paid to the Red Cross organization in the locality where the bank is situated."

¶A great many banking institutions throughout the country have already declared a 1% extra dividend and some even larger than 1%.

After serious consideration on the part of the convention it was thought advisable to give hearty approval of this great work, hoping that many industrial corporations who may not otherwise give the matter serious consideration will also declare a Red Cross dividend.

The Finance Committee of the Red Cross War Fund has approved a set of forms making suggestions for corporations who wish to declare a Red Cross dividend. A copy of these forms will be mailed you under separate cover.

It will be interesting to keep a record of those institutions declaring said dividend and we will appreciate it if those who have already done so and those who do so later will advise us.

EDWARD J. GALLIEN, Secretary,  
New York State Bankers' Association.

A message suggesting the advisability of declaring a Red Cross dividend out of undivided profits was sent to the State banks and trust companies of the State by Superintendent of Banks Eugene Lamb Richards on the day of the adoption of the resolution. In his message Superintendent Richards said:

I suggest that your Board of Directors consider the desirability of declaring Red Cross dividends out of undivided profits in such amounts as thought advisable giving shareholders the option of retaining their dividend checks or turning them over to the Red Cross as a contribution towards the great service which the people of the United States are called upon to render to themselves and to their allies.

In an address before the convention of the New York State Bankers on the subject of "Facing Food Facts and the

Future" Melvin A. Traylor, President of the the Live Stock Exchange National Bank of Chicago, declared there is absolutely no possibility of starving Germany to the point of consideration of satisfactory peace terms should this country fail in its task of feeding the Allies. After scoring food speculators, urging Government action, and denouncing the tenant farming system, Mr. Traylor stated that to his mind the most practical solution of the food problem is found in the county agent or farm demonstrator. He is and, in my opinion, for many years will be the most available and satisfactory connecting link between the stored up fund of knowledge in our agricultural schools and the farmers who need the advantage of this knowledge and experience. Mr. Traylor urged all bankers to aid the farmers. "This war," said Mr. Traylor, "will be won by the American farmers and the decisive battles will be fought on the wheat fields of Kansas and Nebraska."

Thomas W. Lamont, of J. P. Morgan & Co., speaking on "War Time Saving" at the meeting of the New York bankers, stated that the great problem is how to reach the great army of wage earners and with them create an army of savers and investors. Mr. Lamont stated that "if the American people were lending to their Government in the same proportion of the national income that England lent this year, the total for America would not be a two billion dollar, but a fourteen billion dollar Liberty Loan." Mr. Lamont also said:

It is absurd to talk of business going on as usual when we have ten million men subject to draft for the front, subject to withdrawal from their customary pursuits and turned into consumers. Already the maxim "Business as Usual" has become an absurdity. Certain industries have been swollen far beyond their customary activities through the manufacture of munitions and materials for our Allies. All the workers in such plants have received and have spent more money. The country has had this stimulus and has reaped the profits for nearly three years.

Business will continue at high pressure, but it will be business directed toward one end. That end is war. Plants which do not or cannot adapt themselves to the manufacture of things which are needed are bound to suffer.

The annual meeting of the Association of the State Banks of the State of New York was also held last week at Lake Placid. The meeting which took place on June 20 was a brief one, in furtherance of the desire of the organization to allow the State Bankers' Association to have the greater share of publicity.

**GOVERNMENT ORDER FOR 60,000,000 POUNDS OF COPPER.**

Orders for approximately 60,000,000 pounds of copper for early delivery at the tentative price of 25 cents a pound were announced on June 27 as having been placed with copper producers by the Government. The price, it is said, is subject to possible change later. Last March when the selling price of copper in open market was about 37 cents a pound the principal copper producers of the country, through the Council of National Defense, agreed to supply the army and navy with 45,510,000 pounds of copper at 16.6739 cents a pound. With the present order over 100,000,000 pounds will thus far have been taken by the Government. Higher prices for the metal were forecasted in April when it was pointed out by producers that inasmuch as the wages of most of the miners are based on prices received by the companies, a reduction in prices would result in a lowering of wages, with the likelihood of labor troubles. It was reported yesterday that copper producing companies had received notification from the Government authorities to submit their monthly figures of production of the properties and to hold themselves in readiness to supply the Government with its requirements when called upon.

The sub-Committee on Copper of the Council of National Defense, appointed last month, is composed of John D. Ryan, President of the Anaconda Copper Co., Chairman; Murry Guggenheim, of M. Guggenheim Sons, New York; R. L. Agassiz, President of the Calumet & Hecla Mining Co., Boston; Charles MacNeill, President of the Utah Copper Co., New York; James McLean, Vice-President of the Phelps-Dodge Corporation of New York, and W. A. Clark, President of the United Verde Copper Co. of New York.

**REDUCTION IN PRICE OF COAL AGREED TO BY BITUMINOUS OPERATORS.**

Material reductions in the price of soft coal at all the mines east of the Mississippi River, ranging from \$1 to \$5 a ton to the public with a further cut of 50 cents on coal supplied to the Government were agreed upon on June 28 by a special committee representing 400 coal operators.

Earlier in the day the operators had agreed to place the price fixing in the hands of the Government, through the Defense Council's Coal Production Committee, Secretary Lane and Commissioner Fort of the Federal Trade Commission, thus avoiding the possibility of violating the anti-trust laws. The new prices, which call for a maximum price of \$3 50 a ton for domestic coal and a maximum price of \$3 a ton for all other coal f. o. b. at the mines, will go into effect on July 1. The agreement was reached following a three day conference in Washington called at the request of Francis S. Peabody, Chairman of the Committee on Coal Production of the Council of National Defense, for the purpose of discussing methods of reducing the price of coal, both to the Government and the general public.

In addition to placing prices upon coal at the mines it was announced after Thursday's conference that jobbers, brokers, retailers and commission men would be permitted to charge commissions of not more than 25 cents a ton and that no more than one commission should be charged. In other words, the consumer will get his coal at the mine price plus transportation charges and 25 cents a ton. The agreement, it is pointed out, does not affect anthracite, and the coal production committee announced on June 28 that action on that problem had been postponed until after July 1 by agreement with the operators. The anthracite producers, it is said, have indicated their willingness to meet the Government in the same spirit manifested by the bituminous men.

In the final conferences trade secrets between competitors, cost prices and other confidential information were laid on the table, and the Government, acting as judge, decided what should be the highest prices paid at mines, prices to go into effect on the first of July, to stay in effect until investigations are made and other changes ordered. Representatives from various States were asked to quote the minimum price at which they could furnish coal. The Clearfield district of Pennsylvania agreed to cut its price for coal, as it was loaded at the mouth of the mine from \$5 25 to \$3, with \$3 50 for lump sizes. Tennessee came down from \$4 50 to \$3. Virginia did likewise. West Virginia reduced the current contract price of \$5 60 to \$3, and Illinois and Indiana reduced their prices to \$2 75 for coal as it came from the mine. Alabama reduced its price from \$5 50 to \$3 at the lowest, and fixed \$4 at the highest. Maryland lowered its estimate from \$5 75 to the standard figures. All the remaining districts east of Illinois that were represented also agreed to the new figures, except one or two with special conditions, which were deferred for further consideration. Only the districts west of Illinois—Iowa, Wyoming, Colorado, Oklahoma and the Southwest—which were not represented, remain yet to be accounted for, it is said, but there is no doubt in the minds of officials that these districts will agree to the price reduction. The figures are said to have met with the entire approval of Chairman Peabody of the Defense Council's Committee, Secretary Lane and Commissioner Fort. The resolution adopted at Thursday's meeting is given as follows in the "Journal of Commerce":

*Whereas*, Under the act of Congress approved Aug. 29 1916, providing that a Council of National Defense be established for the co-operation of the industries and resources for the national security and welfare, to consist of the Secretary of War, the Secretary of the Navy, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce and the Secretary of Labor, authority is given to the Council to organize subordinate bodies for its assistance and co-operation; and

*Whereas*, Pursuant to this authority the Council of National Defense has appointed Francis S. Peabody, chairman of and with authority to appoint a committee on coal production representative of the coal producing districts of the United States; and

*Whereas*, A great national emergency now exists in the fuel supply of the nation, and as the coal operators and miners of the United States desire to co-operate as closely as possible with the Government, and as the Department of the Interior, the Federal Trade Commission, and the Committee on Coal Production have given close and intelligent study to the necessities now existing; therefore, be it

*Resolved*, That it is the sense of this meeting that a committee of seven for each coal producing State and an additional committee of seven appointed by the representatives of the anthracite industry be appointed by the representatives of each State now attending this convention to confer with the Secretary of the Interior, the Federal Trade Commission, and the Committee on Coal Production of the Council of National Defense, to the end that production be stimulated and plans be perfected to provide adequate means of distribution, and, further, that these committees report forthwith to the Secretary of the Interior, the Federal Trade Commission, and the Committee on Coal Production of the Council of National Defense, costs and conditions surrounding the production and distribution of coal in each district, and that these committees are authorized, in their discretion, to give assent to such maximum prices for coal f. o. b. cars at mines in the various districts as may be named by the Secretary of the Interior, the Federal Trade Commission, and the Committee on Coal Production of the Council of National Defense.

This convention by resolution heretofore adopted having requested the Secretary of the Interior, the Federal Trade Commission, and the Committee on Coal Production to fix a fair and reasonable price at which the several operators in the several coal districts of the United States shall sell coal; do hereby further authorize said Government representatives, so named in said resolution, to forthwith issue a statement fixing a tentative

maximum price, which, in their judgment, is fair and reasonable as applied to the several coal districts, at which coal shall be sold from and after the first day of July next and until the accurate costs have been ascertained and a fair and reasonable price based thereon fixed by said Government agencies designated under said resolution.

To this end, therefore, be it

*Resolved*, That the several States, here represented, do present to the chairman of this convention a suggestion, for use by said agencies in fixing the price which the several interests here represented feel should be the fair and reasonable price to be so tentatively fixed by the said agencies.

On the opening day of the conference, Tuesday, the 26th, the operators, in a formal resolution pledged themselves to sell their product at a fair and reasonable price, to be fixed, with the approval of the Defense Council's Coal Committee, by special committees of seven producers from each coal mining State. These special committees were authorized to confer with the Defense Council's Committee "to the end that production be stimulated and plans be perfected to provide adequate means of distribution."

The operators' action came at the close of an all-day conference which opened with addresses by Secretaries Lane and Daniels, John T. Fort, of the Federal Trade Commission, and T. L. Lewis, Assistant to the Attorney-General, all of whom warned the producers that unless they themselves established a fair selling price and proper regulation of the industry, their output would be taken over by the Government. On the 27th the operators through a specially appointed committee approved a proposal that coal prices during the war be fixed by a joint Governmental Commission, composed of the Secretary of the Interior, the Coal Committee of the Council of National Defense and the Federal Trade Commission. Thursday's conference, at which the price agreement was reached between the committee and the Government representatives, brought from Secretary Lane a statement commending the action of the operators. The "Times" gave his remarks as follows:

This is a distinctly novel proceeding. You are pioneers in a good move. We look back with respect and admiration upon those who crossed the hard and stony and waterless places and picked out the richer spots beyond. I hope that you will be looked upon not only by those who succeed you in the coal business but by the industries of the United States generally with respect and admiration for the manner in which you have acted at this conference. You have responded as to a call by the people of the United States. You are not removed. You are in business. You belong to the people. Most of you are men who were not born to wealth.

We have no castes in this country. You have come up out of the soil like the rest of us. You have shown sympathy with the people and understanding of your relation to them. That is everything in a democracy. Unless we maintain in our minds always the consciousness of the sources of power in this country democracy is a failure.

There is a strong contention made that this Government cannot meet to the full the demands that are to be made upon it, not only in times of stress but in fact at any time.

It is contended that other Governments are more competent, and more efficient because there is a strong hand above the people, threatening, menacing, compelling. If we in the United States are to work out our economic and social problems, as we have worked out our political problems we must work them out, in my judgment, in the way in which you have worked out this one.

There is a kind of co-operation that we know as a public utility. A public utility is a corporation that is at the service of any one. It must render the kind of service that it holds out to the world in the biggest and broadest sense. Each of you, running a coal mine, is managing a public utility because the public is dependent upon you.

This country is going to go forward and not backward. It is going to keep its democracy and its confidence in democracy.

You have been up against an extremely odd situation, and you have met the situation in magnificent fashion. I think you have reason to be proud of what you have done. You have said to the American people that you are not going to be oblivious to the rights of those from whom you sprang. You will protect them. That is spirit of the kind that makes for the success of this country.

If all the industries of the United States will make the same effort there will be no question as to whether our people can mobilize our resources. We must not work singly and alone for selfish ends in the hope of reaping rich rewards that will distinguish us merely as men who are in industry as makers of money. We must work as the men who landed in Europe yesterday must work—in battalions and regiments and companies, with one mind, one purpose, marching forward to victory—victory not for ourselves, but victory for the country. We are the greatest business nation on earth, therefore we must look to the business men to lead and inspire us, and I think that the word that goes out from this gathering will be inspiring to all.

Director Smith of the Geological Survey estimates that the reduced prices will mean that the operators would get \$180,000,000 less annually for their output and that the saving to the Government and the coal consuming public would be even greater.

#### GOVERNMENT CONTROL OF WHEAT TRADE PLANNED—BUT NOT YET INITIATED.

A statement to the effect that absolute control of the wheat trade in all its commercial aspects is included in the Government's plans for food control, was issued by President Griffin of the Chicago Board of Trade on June 28. These plans, it is stated, will bar all speculation in wheat, but the buying and selling of other grains for future delivery will be unrestricted. Mr. Griffin's statement was made following his return from Washington, where he, with other represen-

tatives of grain exchanges had been in conference with Herbert C. Hoover and others connected with the food administration. Mr. Griffin's statement follows:

On Tuesday and Wednesday of this week representatives of the grain exchanges of the United States were in conference at Washington with Herbert C. Hoover, Food Administrator; Julius H. Barnes, his chief assistant, and others connected with the food administration.

The exchanges through their representatives have given their whole-hearted support to the Administration's plan for food control. Mr. Hoover and his associates have unfolded to us their plans in great detail. Naturally they are withholding the announcement of their plans and intentions until such time as the Food Control Bill is enacted into law.

Consequently the detailed plans were submitted to us in confidence, and I am therefore not privileged at this time to make any complete statement. Nevertheless there are in circulation many unfounded and unauthorized rumors affecting this situation. Therefore I have decided to announce the plan decided upon in general, but must refrain from discussing the matter in detail, as that announcement must necessarily come from Mr. Hoover.

The millers likewise will come under control of the food administration, and their wheat will be purchased and flour distributed under the same control.

As must be apparent, the operation of this plan will preclude possibility of trading in wheat for future delivery. However, commission merchants, receivers and others acting as agents in the purchase and sale of sample grain will be permitted to handle wheat on the same basis as all other commodities.

The plan decided upon will permit unrestricted competitive buying and selling of all commodities, for present and future delivery, with the exception of wheat. The United States Government, through its food administration, will completely dominate distribution of wheat for domestic and export purposes. Not only will they purchase the wheat for this Government, but for the Allies and neutrals as well. The millers likewise will come under control of the food administration, and their wheat will be purchased and flour distributed under the same control.

Following Mr. Griffin's announcement, Mr. Hoover on Thursday issued a statement deploring the action of Mr. Griffin in giving out such information. Mr. Hoover stated that no definite policy had been agreed upon and indicated that all discussions, including that with President Griffin, had been of a tentative nature and that all plans are subject to radical change until the food bill is enacted and the food administration receives a legal status. Mr. Hoover's statement said:

With regard to the statement from Chicago, I regret that any statement should be issued as to matters discussed in preliminary conferences which have been held between ourselves and the various trades in the country. These conferences have been called with a view to discussing with representative men in various trades the measures which might or might not be adopted in the public interest, if and when action has been taken by Congress.

They have taken place at this early date in order that there might be no delay in securing effective action by the food administration. It is obvious that at present there is no plan that can be settled by the food administration and that all discussions which have been necessary are of an entirely tentative order, and may be subjected to radical change at any time.

The great desire of the Administration has been to develop measures, with advice from representative business men, and in such a way that would accomplish the objectives of the food administration in curtailing speculation and meeting the other difficulties which have grown up in trade, and that these measures should be placed upon such a basis that they would not damage the business machinery of the country beyond ready resumption of its normal functions at peace.

During these discussions the subjects have been necessarily approached from many angles, and which or what method may be adopted cannot be determined until the food administration has been set up by Congress and until adequate consideration has been given to every complexion of the subject.

**WORK OF COUNCIL OF NATIONAL DEFENSE.**

A report dealing with the work accomplished by the Council of National Defense, its Advisory Commission and its committees since the organization of the Council in March, was made public by Director W. S. Gifford on June 24. The chief accomplishments of the Council are summed up by Mr. Gifford as follows:

- Mobilization of the 262,000 miles of railroads of the country for defense.
- Close-knit organization of the telephone and telegraph companies of America to insure to the Government the most rapid and efficient wire communication.
- Settlement of the recent threatened national railroad strikes.
- General acceptance by labor and capital of the suggestion of the Council that existing labor standards should not be changed until the need for such action had been determined by the Council, with the steady influence on industry growing out of such action.
- Procurement of 45,000,000 pounds of copper for the uses of the army and navy at less than one-half of the then current market price—a saving to the Government of approximately \$10,000,000.
- Similar accomplishments as to steel, zinc and aluminum.
- Completion of an inventory, for military purposes, of 27,000 American manufacturing plants.
- Money saving to the Government through appointment over the country of committees of business men to assist the Quartermaster's Department of the Army in the economical and efficient purchase of supplies.
- Saving to the Government of millions of dollars by the co-ordination of purchases through the agency of the General Munitions Board.
- Creation, under the medical section of the Council, of a General Medical Board, of many of the most highly qualified surgeons and physicians of the country.
- Selection by the same section of thousands of doctors specifically qualified for membership in the Medical Officers' Reserve Corps, and the standardization, far on its way to completion, of surgical instruments and supplies.
- Creation by the Council of the Aircraft Production Board, which is setting out to make 3,500 airplanes and to train 8,000 aviators this year.
- Definite results obtained by the Council's Committee on Coal Production in the procurement and expeditious shipment of coal, both in the civilian and Federal interests.
- Successful initiation of a movement to co-ordinate activities on the part of the States of the Union for the national defense, brought to a clear and

workable focus by the conference of States held recently in Washington at the call and under the auspices of the Council.

Organization of a Railroad Committee to send to Russia and enlistment of reserve engineer regiments to aid in rehabilitating the railroads of France.

The Council has in the Naval Consulting Board a board of inventions, which just now is investigating plans to combat the submarine. The Board is headed by Thomas A. Edison.

A Commercial Economy Board, with A. W. Shaw as its Chairman, is studying means by which commercial business may best meet demands made on it during the war, and how large quantities of supplies may be diverted to Government use without upsetting the essential services of trade. This board is studying a plan to economize on city delivery systems and is investigating measures of economy for adoption by retail stores. The coal problem is in the hands of a committee on coal production, headed by F. S. Peabody, of Chicago. It is assisting the War Railroad Board in expediting the movement of coal and in taking measures to stimulate production.

Scientific research is being conducted by the National Research Council. The work is under the direction of Dr. George E. Hale and Dr. R. A. Millikan. The Research Council is co-ordinating the research activities of the country in the fields of science and engineering. It is now engaged in studying devices to detect submarines and mines, investigating range finders and instruments to detect invisible aircraft and improving wireless apparatus. A committee on shipping is working with the Shipping Board on the problem of increasing the country's merchant tonnage. The work of State Defense Councils is co-ordinated through a department headed by George F. Porter. It has assisted in organizing State councils and is giving them advice as to what the Federal Government expects of the States in assisting in the conduct of the war.

Transportation questions are studied by a committee on transportation. Daniel Willard, President of the Baltimore & Ohio RR., is its Chairman. It operates through a War Railroad Board, of which Fairfax Harrison, President of the Southern Railway, is head. This board is running the various transportation lines as one continental system. The Railroad Board has given preference to fuel and is moving coal ahead of all other commodities. Food probab'y will be the next commodity given preferential shipment. Coal is moved in this order: Fuel for the Government, for the roads on which mines are located, for other steam roads and, finally, for general purposes. The committee recommended the personnel of the railroad commission now in Russia. It is engaged in discontinuing passenger trains not considered essential, and expects to discourage conventions and other meetings that would require unusual train service. Other accomplishments of the Railroad Board are given as follows:

Enlistment of nine regiments of engineers to rehabilitate the French railway systems; an arrangement for moving coal to the Pacific Coast in box cars to prevent an uneconomical haul back; expeditious movement of food products.

Telephone and telegraph committees of the Council have arranged a system of co-operation between the wire companies and the Government. Government calls are given preference. Army and Navy purchasing has been done by the Committee on Supplies, of which Julius Rosenwald of Chicago is Chairman. This committee is said to have saved the Government millions of dollars in the purchase of supplies. The Committee on Raw Supplies, headed by Bernard M. Baruch of New York, has organized the purchase of raw materials. It saved the Government, according to the report, \$10,000,000 on the purchase of a supply of copper. Samuel Gompers' Committee on Labor is engaged in settling industrial disputes and maintaining existing labor standards. The Committee on Industrial Preparedness has obtained 27,000 detailed reports from the country's larger manufacturing plants as to capacity to meet the Government's industrial and military needs during the war. Engineering problems are being studied by Engineering Committee under Dr. Hollis Godfrey.

**CREATION IN N. Y. OF RESOURCE MOBILIZATION BUREAU.**

The creation in New York State of a Resource Mobilization Bureau was announced by Gov. Whitman on June 24. Frank A. Vanderlip, President of the National City Bank as Chief of the Emergency Division, will be head of the Bureau which has been established to deal with war situations and to act as an Advisory Board in the drafting and execution of war policies. Authority for the creation of the

Bureau is conferred in the Military Census Act which empowers the Governor to order a census of the financial and industrial resources of the State as well as that of man power. Those serving with Mr. Vanderlip on the Emergency Division are:

Otto H. Kahn, of Kuhn, Loeb & Co.  
 John D. Ryan, President of the Anaconda Copper Company.  
 Charles A. Stone, President American International Company.  
 Harvey D. Gibson, President Liberty National Bank, New York.  
 Henry P. Davison, of J. P. Morgan & Co.  
 James W. Gerard.  
 Robert S. Lovett, Chairman of the Union Pacific Railroad.  
 A. W. Loasby, Trust and Deposit Company of Syracuse.  
 W. G. Phelps, President of the First National Bank, Binghamton.  
 J. Sloat Fassett, Vice-President of the Second National Bank, Elmira.  
 J. H. Herzog, Vice-President of the National Commercial Bank, Albany.  
 Franklin D. Locke, President of the Fidelity Trust Company, Buffalo;  
 George Eastman, President of the Eastman Kodak Company, Rochester.  
 Herbert C. Hoover, Washington, D. C.  
 Captain John F. Lucey, Washington, D. C.  
 William A. Brady, World Film Corporation.  
 Adolph Zukor, Famous Players-Lasky Corporation.  
 P. A. Powers, Universal Film Company.  
 Arthur James, Metro Pictures Corporation.  
 R. A. Rawland, Metro Pictures Corporation.  
 J. E. Brulatour.

Besides the Emergency Division other divisions and their chairmen are:

Census, Captain George Garr Henry, of A. Saloman & Co., who is in charge of the State Military Census.  
 Finance, George F. Porter, of J. P. Morgan & Co.  
 Defense and Security, General George R. Dyer, of C. I. Hudson & Co.  
 Information, J. H. Sears, President of Appleton & Co.  
 Transportation, General W. W. Witherspoon.  
 Food Products and Conservation, Charles F. Wilson, Commissioner of Agriculture.  
 Industrial, H. D. Sayer, Industrial Commissioner.  
 Instruction, Dean H. N. MacCracken, of Vassar College.  
 Health and Hospital, Dr. Hermann M. Biggs, Commissioner of Health.

#### THE WAR REVENUE BILL.

The revision of the new War Revenue Bill by the Senate Finance Committee is reported as virtually completed, and the Committee expects to report the bill to the Senate on Monday next. The bill, which passed the House on May 23, has been in the hands of the Senate Committee since May 24. As now before the Committee the measure provides for a yield of \$1,449,000,000 against \$1,800,000,000 proposed through the House levies. On Thursday the Senate Committee considered the authorization of additional bonds. Senator Stone formally proposed a bond issue of \$500,000,000. Graduated, instead of flat taxes upon excess profits in the bill were discussed and generally approved yesterday by the Finance Committee. The rate proposed were from 12 to 35%, with higher rates upon "swollen" profits. Formal action was deferred with the prospects that the graduated tax plan would be adopted as a substitute for the House flat rate of 16%. It was stated on Thursday that from excess profits the Committee plans, under its latest estimates, to raise \$300,000,000. An amendment adopted on that day would exempt from the tax upon individuals, persons:

In office or employment, including that of a commercial traveler or agent whose remuneration consists wholly of a fixed and definite sum irrespective of the amount of business done or any other contingency; and a profession, the profits of which depend mainly on the personal qualifications of the individuals \* \* \* and in which there is not required the investment of more than nominal capital.

Manufacturers and their representatives generally, it is said, are opposing repeal proposed by the Committee of the drawback by which they recover from the Government practically all duties paid on raw materials which enter into manufactured products which later are exported. In such cases the Government retains 1% of the duty paid as an administration charge. Reconsideration of the sugar drawback provision on June 27 resulted in the decision of the Committee to adhere to its decision to repeal the present law giving such allowances to refiners, totalling \$19,000,000 annually.

The Committee is understood to have decided on the 26th that railways whose income in the years 1911 to 1913 was below normal, as established in the twenty-year period previous, will be allowed the same exemptions (6%) as is given to other corporations having sub-normal profits during the three-year pre-war period. Further consideration on the 27th of the provision dealing with a special tax on publishers is said to have resulted in the decision to retain the 5% tax on publishers' net profits of over \$4,000, and an increase of one-quarter of a cent a pound on second-class postage rates.

A protest against the postage rates on second class mail matter embodied in the House bill and the proposed tax on publishers profits was wired to the Senate Finance Committee by the Executive Committee of the Audit Bureau

of Circulation on June 22. The Executive Committee had been authorized to draw up a resolution setting out the Bureau's opposition to the legislation at a luncheon of the Bureau at the Hotel Astor. Frank C. Hoyt, Business Manager of the "Outlook," in indicating the sentiment of the Bureau, had the following to say according to the "Sun":

If the bill as passed by the House of Representatives should become a law it would mean the death knell of the Audit Bureau because there would be so few papers and periodicals left that there would be no excuse for its existence. The proposed zones for second class matter would put a large percentage of the newspapers and publications out of business.

Happily the Senate has shown some judgment in the matter and fortunately it does not seem probable that the bill will now become a law. But you read to-day of the action of the Senate Finance Committee in advancing the postal rates from one cent to one and a quarter cents a pound and in addition placing a 5% tax on publishers' profits. Now that is clearly a reflection of the feeling of animus that no doubt exists in the minds of certain members of Congress against the publishers. You have read of debates in which the responsibility of the war was placed on the newspapers, and as these same members have a chance to take a whack at the press they propose to let loose.

The publishers are paying their fair share now and for Congress to burden an already overburdened publishing business can in no way be justified.

The Bureau, which was formed three years ago, is said to have a membership of 1,259, representing gross circulation of 60,000,000 and an annual advertising expenditure of \$100,000,000.

#### THE WAR EXCESS PROFITS TAX.

The Senate Finance Committee is still deliberating over various phases of the excess profits tax. Apparently it has been decided to adopt the principle of the English law and to tax the excess above average profits earned in the pre-war period, taking the years 1911, 1912 and 1913, as the most likely years to give a normal average. The only completely worked out proposal that has been presented to the committee seems to be that of the Investment Bankers' Association of America, as presented by the counsel for the Association, Robert R. Reed. The Association has contributed the services of its counsel and of bankers of several cities, who have collaborated with the accountants and tax authorities and with members of Congress in the effort to formulate and present to the committee a scheme of taxation that will adapt the English pre-war basis to American conditions and lay a foundation upon which a productive war tax may be levied without serious disturbance to business and industry. It is claimed that with a fair excess profits tax the Government can get one-third to one-half of the \$1,800,000,000 called for and that Congress can reduce or eliminate some of the more objectionable special taxes that have been tentatively decided upon. The proposition urged by the investment bankers has been printed by the committee, and is, it is said, being carefully considered, and the plan as a whole will be urged on the House and the conference committee as furnishing a basis of final agreement. The Association has opposed every proposal that threatens to tax normal profits by the use of some arbitrary or accidental factor or to discriminate against or favor any particular form of organization or class of business. It is urged simply that the law must provide for the determination of an actual excess profit in 1917 over a normal pre-war earning standard, and that if this is correctly done a very heavy revenue can be obtained, without undue burden, out of the concerns which are in fact making heavy gains. For this purpose the law must be elastic, like the English law, but it should not, like the English law, prescribe the principle of taxing new business on everything above a 6 or 7% rate. This and other provisions of the English law have been greatly modified by special Treasury orders, under one of which it is said that a rate of 22% has been allowed in a colonial mining business.

As it is impossible to give the American Treasury such complete power to dispense with the law as that permitted in England, the American plan must provide for its determination of a factor that will operate justly between different concerns. The investment bankers have urged that new business since 1914 and new capital must be taxed on a parity with concerns established prior to 1914, as otherwise the tax will discriminate very heavily in favor of monopoly and against the newer competitive concerns. They instance the several oil companies organized in the last three years. The plan proposed by the bankers on this point calls for a determination by Treasury order of the fair normal percentage earning on actual capital for selected pre-war years and that new concerns be taxed only on their excess above this percentage. Where a concern has increased its capital since the pre-war period, it is to be allowed the pre-

war percentage on its new capital. New partnerships are similarly to be allowed a pre-war equivalent on personal services and good-will to put them on a parity with established partnerships. In this way new concerns and new capital are not discriminated against and have an incentive to compete with the older concerns, some of which are monopolies, or would soon become monopolies, if their competitors were taxed out of existence.

#### CREATION OF EXPORT EMBARGO COUNCIL UNDER ESPIONAGE ACT.

An Export Embargo Council which will administer the export embargo provisions of the Espionage Act (signed on June 15) was created under an Executive order of President Wilson on June 22. The order was not, however, made public by the State Department until June 25. The Council, which will direct the exports of foodstuffs and coal shipped from the United States to neutral countries, is composed of Secretary of State Robert Lansing, Secretary of Commerce William C. Redfield, Secretary of Agriculture David F. Houston, and the "food administrator." The latter will be Herbert C. Hoover, but he was not personally named in the President's proclamation because Congress has not yet established the Food Administration Bureau. On the 28th inst. President Wilson notified Secretary Redfield that \$150,000 would be available from the \$100,000,000 war emergency fund for the immediate expenses of the Exports Council. Secretary Redfield submitted an estimate to Secretary McAdoo asking for a \$570,000 appropriation for the first year. A statement explaining what the Exports Council is expected to accomplish was issued by President Wilson on June 25, as follows:

It is important that the country should understand just what is intended in the control of exports, which is about to be undertaken, and since the power is vested by the Congress in the President, I can speak with authority concerning it. The Exports Council will be merely advisory to the President.

There will, of course, be no prohibition of exports. The normal course of trade will be interfered with as little as possible, and, so far as possible, only its abnormal course directed. The whole object will be to direct exports in such a way that they will go first and by preference where they are most needed and most immediately needed, and temporarily to withhold them, if necessary, where they can best be spared.

Our primary duty in the matter of foodstuffs and like necessities is to see to it that the peoples associated with us in the war get as generous a proportion as possible of our surplus, but it will also be our wish and purpose to supply the neutral nations whose peoples depend upon us for such supplies as nearly in proportion to their need as the amount to be divided permits.

There will thus be little check put upon the volume of exports, and the prices obtained for them will not be affected by this regulation.

This policy will be carried out, not by prohibitive regulations, therefore, but by a system of licensing exports, which will be as simply organized and administered as possible, so as to constitute no impediment to the normal flow of commerce. In brief, the free play of trade will not be arbitrarily interfered with; it will only be intelligently and systematically directed, in the light of full information with regard to needs and market conditions throughout the world and the necessities of our people at home and our armies and the armies of our associates abroad.

The Government is taking, or has taken, steps to ascertain, for example, just what the available present supply of wheat and corn is remaining from the crops of last year; to learn from each of the countries exporting these foodstuffs from the United States what their purchases in this country now are and where they are stored, and what their needs are, in order that we may adjust things, so far as possible, to our own needs and free stocks; and this information is in course of being rapidly supplied.

The case of wheat and corn will serve as an illustration of all the rest of supplies of all kinds. Our trade can be successfully and profitably conducted now, with the war pushed to a victorious issue, and the needs of our own people and of the other peoples with whom we are still free to trade efficiently met only by systematic direction; and that is what will be attempted.

WOODROW WILSON.

The executive order signed by the President on June 22 creating the Council, is as follows:

#### DEPARTMENT OF STATE.

June 25 1917.

[Executive Order.]

By virtue of authority vested in me by Title VII of the Act approved June 15 1917, entitled "An Act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and, better, to enforce the criminal laws of the United States, and for other purposes," I hereby vest in the Secretary of Commerce the executive administration of all instructions issued by the President under said Title VII and of the proclamations thereunder, and the said Secretary is hereby authorized and directed to take such measures as may be necessary to administer and execute the same and to grant or refuse export licenses thereunder, in accordance with those instructions.

I hereby establish an Exports Council, to be composed of the Secretary of State, the Secretary of Agriculture, the Secretary of Commerce, and the Food Administrator, and I hereby authorize and direct the said Exports Council, thus constituted, to formulate, for the consideration and approval of the President, policies and make the recommendations necessary to carry out the purposes of this Act.

(Signed) WOODROW WILSON.

The White House, June 22 1917.

The Council held its first meeting on June 26, when it is said recommendations were agreed upon which will effect a complete blockade of the Central Powers. The Council is said to be disposed to force the shipment of the 200,000,000

bushels of wheat in Canada before the American supply is drawn upon. Members of the Council stated on the 26th that the immediate action in prospect would be designed to prevent any American products whatever from reaching Germany, to conserve foodstuffs and war materials for the use of the United States and her allies and to bring about a market which would permit of prices more nearly normal. Wheat and coal are the commodities which will receive attention at once. The Council, it is stated, has determined that exporters must be entirely subservient to the wishes of the Council during the period of the war. The members have endeavored to allay apprehension among the exporters by saying that the normal course of business will be disturbed as little as possible. Exports which ordinarily have gone to neutrals will be withheld where it is found that the United States and the Allies need them more. Exports will be withheld in cases where certain neutrals are acting in a manner inimical to the interests of the Entente.

A tentative outline of the work of the Council drafted by Secretary of Commerce Redfield was published as follows in the "Official Bulletin" of June 21:

The general control of exports will, if the President approves, be lodged in a board to be known as the "Exports Council," which will consist of one or more representatives of the Departments of State, War, Navy, Commerce, and the food administrator, and such other advisers as the Secretary of State and the Secretary of Commerce may select.

#### Secretary of State in Control.

The representative of the Department of State shall be the chairman and responsible head of the Exports Council, and through him the Secretary of State will approve or disapprove measures under consideration.

The Secretary of State, with the approval of the President, acting through his representative on the Exports Council, will initiate matters and otherwise control the policies which are to be determined by the Exports Council.

The administrative work will be placed with the Department of Commerce, and a special division, to be known as the division of export licenses, will be established at once. The chief of this division will be Assistant Secretary of the Exports Council, and in direct charge of the administrative machinery in issuing export licenses.

Export licenses will be issued by the Secretary of Commerce in accordance with the principles and policies laid down by the Exports Council. Among the matters of policies which will be determined by the Exports Council are:

#### Policies to be Determined.

The recommendation of proclamations with reference to the control of export for the signature of the President; the apportionment of rations, both by articles and countries; methods of selecting consignees for various controlled exports; methods of selecting consignors for controlled exports; matters of policy affecting the exporting of coal and bunkers.

All matters of more than routine importance will be passed on by the Exports Council. This will require a considerable amount of work, and the Council will be in session each day.

The administrative work will be performed by the Division of Export Licenses of the Bureau of Foreign and Domestic Commerce. There will be a number of sections created, such as registry, correspondence, war-trade intelligence, issuing, accounting, filing, trade experts, and others for certain miscellaneous work. These trade experts will be required in addition to those who represent the various departments on the Exports Council for the purpose of advising the Exports Council as to facts regarding each line of goods under consideration. It is expected that these trade experts will have the advice and co-operation of practical business men, usually through existing business organizations.

#### Special War Trade Section.

A special war-trade statistical section will be created in the Bureau of Foreign and Domestic Commerce, for the purpose of making such statistical investigations and collating such statistical facts as may be required for the use of the Exports Council.

The procedure of issuing an export license will be about as follows: The President's proclamation will designate the particular articles or class of articles under control and the countries to which such controlled articles may be exported under license. The quantity of the particular commodity to be exported under license will be determined by the Exports Council, and upon the advice of the departments concerned and with such facts as may be presented by the trade expert dealing with that particular commodity.

After the amount has been determined, the Division of Export Licenses will then restrict the amount licensed to the amount determined upon by the Exports Council.

Applications will be made to the Division of Export Licenses. It will first be passed upon as to quantity and the character of the consignee will next be investigated. If the amount to be exported does not exceed the quantity laid down by the Exports Council and the consignee is satisfactory, the license will then be issued. It is expected that the entire time of issuing a license will not exceed three days.

It is hoped to utilize the various branch offices of the Bureau of Foreign and Domestic Commerce located in Boston, New York, Chicago, Seattle, San Francisco, St. Louis and New Orleans, in facilitating this work. This will permit the exporter to file his application for license at one of the branch offices of the Bureau. The agent in charge will telegraph the application to Washington and receive a decision by wire, and will then be authorized under certain regulations to issue an export license.

#### May Employ 250 Persons.

It is estimated that about 250 people may be needed, with a pay roll annually of \$379,600. Other expenses, such as rent of quarters, furniture, equipment, supplies, printing, &c., will bring the total required annually for this work to \$570,000. Business is expected to commence within 48 hours after the Council is created. The President will be asked to set aside \$150,000 of emergency funds to start the work with, until Congress can make the required appropriations.

In working out the plan for administering export control, the following principles have been followed:

The existing machinery of the Government is being used as far as possible; no new machinery, except that absolutely necessary, is created to carry on the routine work; the responsibility for the administrative work is placed in a responsible executive department; each interested executive department has a voice, subject to the President's direct control, in determining

the policies of export control; the Secretary of State, on account of the political significance of the consideration of exports, will make, with the approval of the President, the final decision as to the policy of export control; to provide the machinery as will make the issuing of licenses as expeditious as possible.

Dr. E. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce of the Department of Commerce made the following statement in New York on the 21st relative to Secretary Redfield's announcement:

The statement given out by Secretary Redfield in Washington and printed in the New York papers of yesterday contained the principal points in connection with the administration of the export control, which is about to be put into operation in Washington. The matter is now in the hands of the President and, of course, it is for him to decide what the actual procedure will be. This will take the form of an executive order, setting up the machinery. When the Exports Council, which was referred to in yesterday's statement, has been organized, which will be a matter of two or three days after the signing of the Executive order, this body will recommend to the President such proclamations as they deem necessary. These proclamations will include such controls as it may seem desirable to place, either upon certain articles and commodities or on certain countries. Of course, nothing of this sort has been decided as yet, and cannot be decided until the creation of the Exports Council.

There seems to be one general misapprehension, which I think ought to be set straight. The papers refer to the export control as an embargo. As a matter of fact, no general embargo is intended, either on any particular class of articles or as against any particular country. It will probably be possible at all times, under the operation of this Act, to export limited quantities of any commodity to any country. Any statement on this matter, of course, must be qualified by the statement that it is the circumstances which will arise in the future that will determine the policy. It should be emphatically stated, however, that no general embargo is intended.

The underlying objects of the export control do not seem to be clearly understood. As I understand them, they are three: First, to conserve the products of the United States, the export of which for any reason should be restricted; second, to conserve tonnage; third, to prevent any American products from reaching Germany, either directly or indirectly. This, I believe, covers the general principles involved.

It is the purpose of those who are most actively interested in the administration of the export control, and particularly the Department of Commerce, to restrict the normal course of business as little as possible. It will be our purpose to expedite, as far as possible, exports from the United States, and to eliminate any burdensome red tape. We have been in almost daily consultation with the exporting interests of the country and have been able to meet practically all of their requests as to the practical administration of the export control.

It will be possible, I think, unless unforeseen difficulties arise, to issue licenses in New York. Of course, the work of export control must be centralized in Washington, but the New York office will be in constant telegraphic or telephonic communication with Washington and will be able to advise exporters here as to all facts with reference to procedure, will be able to receive applications for licenses and to grant licenses upon authorization from Washington. This will undoubtedly greatly assist New York exporters. Similar arrangements will be made in other cities where branch offices of the Bureau of Foreign and Domestic Commerce are established.

The Merchants' Association of New York has asked the members of the new Federal Exports Council to establish a bureau in this city which will have authority to issue export permits under the new law.

#### THE ADMINISTRATION FOOD CONTROL BILL.

The second Administration food control bill, which gives the President broad powers to control the distribution of food, feed and fuel for war purposes, was passed by the House on June 23, after amendments had been written into it prohibiting the further manufacture of intoxicating liquors during the remainder of the war, and authorizing the President to commandeer existing stocks of distilled spirits. The bill was passed by a vote of 365 to 5, Representatives McLeMORE, Slayden and Young of Texas, Democrats, and Meeker, of Missouri, and Ward, of New York, Republicans, voting in the negative. The prohibition amendment was adopted in Committee of the Whole after a bitter fight, and when the bill later came up in the House proper the anti-prohibition faction did not demand that they be voted on again. The prohibition amendment was offered by Mr. Barkley of Kentucky, and was adopted as a substitute for Section 13 of the bill which was favorably reported to the House on June 11, replacing the original bill, reference to which was made in our issue of June 9. Section 13 gave the President authority to limit or restrict the amount of grain and foodstuffs used in the manufacture of alcoholic beverages. The Barkley substitute eliminated all the discretionary language and wrote into the bill the following mandatory section, with penal clause attached:

No person shall use any foods, food materials or feeds in the production of alcohol except for Governmental, industrial, scientific, medicinal or sacramental purposes or of alcoholic beverages. Any person who willfully violates this section shall upon conviction thereof be punished by a fine not exceeding \$5,000 or by imprisonment for not more than two years, or both.

The vote on this substitute which was taken in Committee of the Whole by tellers was 132 to 114. An amendment to the Barkley substitute providing for the manufacture of beer or light wines was defeated by a vote of 134 to 124. An amendment by Mr. Sabbath of Illinois, also proposing to exempt wines and beers from the prohibition section was

defeated 133 to 88, and a motion by Mr. Parker of New Jersey, to strike out the entire section as amended failed by a vote of 152 to 136. On the amendment authorizing Government use of distilled spirits there was no roll-call, and only a few scattered nays were heard on the viva voce vote. Originally proposed by Representative Webb of North Carolina, it was accepted by Chairman Lever of the Agriculture Committee, and as adopted on his motion read:

That the President is authorized, if in his opinion it is necessary to conserve necessities, to require any person having control of alcohol and distilled spirits to turn over to the Government for use or redistillation such proportion of said alcohol or spirits as the President may deem necessary to meet the requirements of the Government in the manufacture of munitions and other military and hospital supplies in so far as such use or redistillation would dispense with the necessity of utilizing the products and materials suitable for foods and feeds in the future manufacture of alcohol or distilled spirits for the purposes herein enumerated.

Upon the failure of the person to comply with the President's requirement the President is authorized to requisition and take possession of the alcohol and distilled spirits required to be turned over and to pay for same a just compensation, to be determined by the President, and if the price so determined be not satisfactory to the person entitled to receive the same, such person shall be paid the amount prescribed by the President and shall be entitled to sue the United States to recover such further sum as added to the amount so paid will be just compensation for such spirits or alcohol in the manner provided by Section 24, paragraph 20, and Section 125 of the Judicial Code.

Few important changes were made by the House in the bill on June 23 outside of the prohibition amendment. The food control powers of the President were limited to articles specifically mentioned in the bill instead of giving him blanket authority; voluntary aids in the food control work were made subject to the penal provision; all persons in the food administration, except those serving without compensation, were placed under civil service, and the President was required to make an annual report on the operation of the bill.

The bill passed by the House on June 23 was favorably reported to that body on June 11. It represented a revision of the original food control bill (referred to in these columns on June 9), but was more drastic than its predecessors. The more important features of the bill as reported to the House were:

1. Creates a "Government control of necessities"—foods, feeds and fuel—including every known step and process from production to consumption of such necessities, vesting this control in the President and authorizing the creation by him of agencies for the exercise of such powers as are granted.
2. Prohibits hoarding or destruction of necessities under heavy penalties.
3. Authorizes Government purchase, manufacture or storage of necessities in the discretion of the President.
4. Provides for the licensing of all business involving necessities, including importers and exporters.
5. Authorizes the President in his discretion to prohibit in whole or in part and for such period of time as he may deem necessary the use of foodstuffs for the manufacture of beverages of such alcoholic content as the President may prescribe.
6. Empowers the President to govern, supervise or prohibit in whole or in part operations on stock or produce exchanges or boards of trade involving prices of foodstuffs and to require periodical reports from all such bodies, detailing their operations and conveying such information as the President or his food control agent may require.
7. Provides a Government subsidiary or minimum price guarantee for any necessary production for which the President may deem stimulation by such means necessary. Authorizes the President in this connection to offer the protection of increased transfer rates to such commodities.
8. Appropriates, to be immediately available, \$152,500,000, of which \$2,500,000 is for the construction of administrative machinery and \$150,000,000 of which is to be expended at the direction of the President "for the purposes of this Act."

Four sections carried in the original bill were eliminated by the committee, but except in two instances such elimination did not tend to curtail the powers granted to the President. The section authorizing the President, first, to prescribe the percentages of flour which are to be derived from wheat of various classes, and, second, to request adulteration of wheat flour with corn or other cereals, were stricken out because of fear on the part of the milling industry and the Committee, that return to old mixed flour conditions might result. The maximum price section was also stricken out by the Agriculture Committee as a seeming concession to certain members of the Committee, though other sections would seem clearly to accord the President authority to fix prices. The section authorizing him to fix standards on certain commodities was eliminated as impracticable. Three members of the Agriculture Committee—Representatives Ward of New York, Wilson of Illinois and Young of Texas—voted against a favorable report on the bill, chiefly on the ground that the necessity for such drastic action as proposed has not been demonstrated and that no man can declare authoritatively that any such necessity exists or will exist in the future. The Committee on Public Information on June 16 made public the following letter which President Wilson addressed to Mr. Hoover, the "Food Administrator," authorizing him to begin taking any steps necessary for the organization of the women of the country and for co-operation with all men engaged in the distribution of foods:



*My Dear Mr. Hoover.*—It seems to me that the inauguration of that portion of the plan for food administration which contemplates a national mobilization of the great voluntary forces of the country which are ready to work toward saving food and eliminating waste admit of no further delay.

The approaching harvesting, the immediate necessity for wise use and saving not only in food, but in all other expenditures, the many undirected and overlapping efforts being made toward this end, all press for national direction and inspiration. While it would in many ways be desirable to wait complete legislation establishing the food administration, it appears to me that so far as voluntary effort can be assembled we should not wait any longer, and therefore I would be very glad if you would proceed in these directions at once.

The women of the nation are already earnestly seeking to do their part in this, our greatest struggle for the maintenance of our national ideals, and in no direction can they so greatly assist as by enlisting in the service of the food administration and cheerfully accepting its direction and advice. By so doing they will increase the surplus of food available for our own army and for export to the Allies. To provide adequate supplies for the coming year is of absolutely vital importance to the conduct of the war, and without a very conscientious elimination of waste and very strict economy in our food consumption we cannot hope to fulfill this primary duty.

I trust, therefore, that the women of the country will not only respond to your appeal and accept the pledge to the food administration which you are proposing, but that all men also who are engaged in the personal distribution of foods will co-operate with the same earnestness and in the same spirit. I give you full authority to undertake any steps necessary for the proper organization and stimulation of their efforts.

Cordially and sincerely yours,

WOODROW WILSON.

In compliance with the President's request that he take immediately, without regard to Congressional delay, the steps necessary for the conservation of the country's food supply, Mr. Hoover on June 17 issued an appeal to the women of the country, in which he told them that they might well prove the deciding factor in winning the war against Germany. The women are to be enlisted as actual members of the food administration, and are to be enrolled during a period of registration from July 1 to July 15 through the Council of National Defense and the State Defense Councils. The appeal, according to the New York "Times," reads:

As requested by the President, we ask every woman in the United States engaged in the personal control of food to register for actual membership in the food administration, thus entering directly into the national service. We shall later on ask various classes of men likewise engaged in food preparation and distribution to also volunteer to the national service in their various branches.

We must enter a period of sacrifice for our country and for democracy. Many must go into battle, but many can only remain at home. The world's food supply is short and many must suffer. We have the major burden of feeding the whole world. Food must be managed and transported in our own country and to our allies in such a way as to get the most out of it. Those who remain at home can also help and can "fight by helping the fighter fight" and can "serve by saving."

Since food will decide the war, each American woman can do a real national service by protecting the food supply of the nation. Ninety per cent of American food consumption passes through the hands of our women. In no other field do small things, when multiplied by our 100,000,000 people, count for so much. A single pound of bread saved weekly for each person will increase our export surplus of wheat 100,000,000 bushels, and an average saving of two cents on each meal every day for each person will save to the nation for war purposes \$2,000,000,000 per annum.

Inasmuch as before legislation is completed the food administration has no representatives throughout the country, the National Council of Defense is kindly requesting all the State Councils of Defense, with the assistance of the Women's Committee of the National Council of Defense, to undertake the registration. This registration will begin July 1 and will continue intensively for fifteen days, and will consist simply in asking every woman in the country to volunteer in this important service by signing and mailing to the Food Administrator, Conservation Division, Washington, the following pledge: "I am glad to join you in the service of food conservation for our nation, and I hereby accept membership in the United States food administration, pledging myself to carry out the directions and advice of the Food Administrator in the conduct of my household, in so far as my circumstances permit."

We not only want the name and address, but we want the number of persons in the household. We want to know whether the household employs a cook, whether it has a garden, and we want to know the occupation of the breadwinner. There are no fees or dues to be paid. The Food Administration wishes now to have as members all of those actually handling food in the home. On receipt of the pledge we will send out preliminary instructions and a household tag to be hung in the window. The insignia of the Food Administration will consist of the national shield, surrounded by heads of wheat, and we hope to have the shield displayed in every home in the United States.

We have the promise of support from many hundreds of women's organizations in the recruiting of our members and the women's committee plan to take upon themselves much of the responsibility for this work.

With the assistance of various trained women in the country, we are formulating committees on domestic economy, and from leaders in the subject of nutrition we are organizing committees on food conservation and utilization, and we propose with their advice to furnish information from time to time to the members of administration as to the manner in which they can best serve the national interests in food conservation.

We have six general principles of instruction:

First. To save the wheat. If we eat as usual from our harvest this year we will have little more than enough for our own supply, but we can divide with our allies if each individual makes some sacrifices by eating at least one wheatless meal a day, substituting corn bread or other cereals.

Second. We want to save the meat, for our cattle and hogs are decreasing, and we must send to our allies, so we wish every householder to buy less, to serve smaller portions and to allow no waste.

Third. We wish to save the fats. We consume three times the fats that are necessary for nutrition, and we need them now for war. We wish no butter used in cooking; we want less butter served on the table; we want less lard, bacon and other pork products used.

Fourth. Any deficiencies in food supply, by economy along the above line, can be amply covered by increasing the use of fish, potatoes, beans, peas, turnips, cabbage and vegetables generally, corn, buckwheat, rye and rice, which we will have in abundance this harvest.

Fifth. We want to save transportation. Our railways are unable to meet the war pressure for munitions, men and coal, so that we wish every one to consume products of local origin as far as possible, to buy from the local miller, the local packer, buy and eat vegetables grown near home. Aside from eating an increased proportion of these commodities in order to save on the staples, it is extremely important that any surplus of these commodities shall be preserved or well stored for winter use.

Sixth. We preach and want every one to preach "the gospel of the clean plate"; to buy less foodstuffs, to serve smaller portions and to see that nothing of value goes into the garbage can.

When the bill was brought up in the Senate on June 18, Senator Gore of Oklahoma, Chairman of the Committee on Agriculture, which reported the bill on the previous Saturday (June 16), stated that he had asked Senator Chamberlain to handle the measure on the Senate floor, as the Oklahoma Senator wanted to oppose some of its features, notably that providing for a food controller.

The passage of the bill by the House in practically unamended form was forecast on June 21, when several amendments offered were rejected and the House speeded up consideration of the measure with an understanding that a vote would be taken Saturday night (June 23) if possible. General debate on the bill in the House was concluded on June 21 and reading of the measure under the five-minute rule was begun. Chairman Lever of the House Committee on Agriculture on June 22 offered a drastic anti-conspiracy amendment to the bill, which was promptly adopted as an effective measure of reaching the food speculator and hoarder. As adopted the amendment read:

That any person who conspires, combines, agrees or arranges with any other person (a) to limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any necessities; (b) to restrict the supply of any necessities; (c) to restrict the distribution of any necessities; (d) to prevent, limit or lessen the manufacture or production of any necessities, or (e) to enhance the price of any necessities, shall upon conviction thereof be fined not exceeding \$10,000 or be imprisoned for not more than two years, or both.

A motion to strike out the section giving the President authority to license dealers in foods and fuel whenever he deems such action essential for the carrying out of the Act and the control of the food situation, was defeated 123 to 66. This provision was attacked on the ground that it was unconstitutional in that it delegated legislative powers to the President. Two amendments to Section 3 were adopted, establishing "a Government control of necessities." One, offered by Representative Montague of Virginia, provided that the powers exercised and administered by the President in carrying out the purposes of the food control bill shall be "as hereinafter provided," thus limiting the power of the food administrator to the things specifically set out in the bill. The other amendment struck from Section 3 the words "that none of the penalties of this Act shall apply to this section." The section includes provision that the President is authorized "to enter into any voluntary arrangements or agreements and use any agency or agencies, to accept the services of any person without compensation, to co-operate with any agency or person" in carrying out the Act. Two other amendments accepted, but not adopted, on June 22 were, first, to eliminate the "blanket" control power of the President over necessities, and limit it to the articles mentioned in the bill, and, second, to strike out of the bill the power of the President to prevent "uneconomical manufacture and inequitable distribution of necessities." The bill, as already stated, was passed by the House the next day, June 23, after the amendments accepted on the 22d were adopted, and provision was made for nation-wide prohibition.

The House bill reached the Senate Committee on Agriculture on the 25th. Instead of offering the bill in the Senate as a substitute for the measure then under debate, Senator Chamberlain conferred with Senator Gore, Chairman of the Agriculture Committee, on the advisability of having the differences in the bills thrashed out in committee, with the idea of making modification to conform with the Senate's idea of food control. Later the following sub-committee was appointed by Senator Gore to work out the alterations: Senators Gore, of Oklahoma; Smith, of South Carolina; Smith, of Georgia; Ransdell, of Louisiana, and Chamberlain, of Oregon; Democrats; Kenyon, of Iowa; Wadsworth, of New York; Warren, of Wyoming, and Gronna, of North Dakota, Republicans. Several amendments to the bill were introduced in the Senate on June 25. Senator Lewis, of Illinois, offered a substitute bill proposing that the President have general broad authority to issue regulations for control of foodstuffs, specifically enumerating those held for "monopolization," or "unjust prices." A number of measures which have been before the Senate as part of the war legislation were also offered as amendments. Senator Walsh offered his bill permitting the Government to lease coal and oil lands. The bill giving the President power to direct

priority in railroad shipments was offered as an amendment by Senator Ransdell. Senator Wadsworth tacked on the Trading with the Enemy bill, and Senator Cummins proposed amendments declaring every product, including foodstuffs, cotton, coal and steel subject to control and requisition should it become necessary.

The Senate sub-committee, appointed by Senator Gore on June 25, reached an agreement on June 26 on the revision of the bill. The sub-committee changed the bill so as to give President Wilson the power and responsibility of deciding whether the nation shall be "bone dry" during the war. The action if approved would have meant that the manufacture of whisky, for the rest of the period of the war, would be forbidden, with authority to the President to take over all existing stocks of distilled spirits for purposes of the war, but that beer and wine could be made and sold if the President felt that it was "in the public interest." However, the Senate Agriculture Committee on June 27, by a vote of 8 to 7 rejected the liquor amendment agreed upon by the sub-committee. Instead of giving discretionary power as to beer the Agriculture Committee eliminated allusion to beer entirely, leaving wine as the only intoxicating drink to be made during the remainder of the war.

The Senate Agriculture Committee on the 27th also adopted the majority of the other changes recommended by its sub-committee. One of these provides for Government control of foods, feed, fuel and also iron, steel, copper, lead and their products, farm implements and machinery, fertilizers, hemp, sisal and jute, making the bill of a far more radical nature than it was when it passed the House.

As amended by the Senate Committee on Agriculture, the House food control bill was substituted in the Senate on June 28 for the original Senate bill. President Wilson, in an effort to settle the "bonedry" controversy in the Senate, yesterday conferred with Senators Martin, Lewis, Phelan and Gerry, and suggested as a solution for the quick passage of the bill, a prohibition on whiskey alone, permitting the manufacture of beer and light wines to continue. A dispatch to the New York "Evening Sun" late yesterday said that as a result of the conference with the President, "dry" leaders in the Senate have reached an informal agreement to modify the prohibition amendment of the bill, so as to allow the manufacture of beer and light wines.

#### DEPARTMENT OF COMMERCE SEEKS TO CLEAR UP CONFUSION IN FOREIGN TRADE STATISTICS.

The methods used by different Governments in computing the values of exports and imports are described in a bulletin issued yesterday by the Bureau of Foreign and Domestic Commerce, of the Department of Commerce. A statement issued in the matter says:

An accurate comparison of the foreign trade statistics of the different countries is always a very difficult matter, as there are almost as many ways of arriving at values as there are countries. The Government's bulletin takes up in detail the system followed in each country and is expected to clear away many difficulties that have confronted those who for one reason or another have occasion to study the world's commerce.

To illustrate how confusion often arises, the bulletin points to the fact that American statistics showing American exports to Argentina differ materially from Argentine statistics showing imports from America. The difference arises from the fact that export figures in the United States are based on current market values, whereas Argentine import figures are based on an official rate fixed in 1906.

The bulletin is entitled "Methods of Computing Values in Foreign Trade Statistics," Miscellaneous Series No. 59, and can be purchased at 5 cents a copy from the nearest district or co-operative office of the Bureau of Foreign and Domestic Commerce or from the Superintendent of Documents, Washington, D. C.

#### WAR REGULATIONS CONCERNING IMPORTATION AND EXPORTATION IN EUROPEAN COUNTRIES.

The American Chamber of Commerce in Paris has called the attention of business men to a book recently edited by M. Marius Du Jardin, of the French Ministry of Munitions. This book, entitled "La Réglementation des Exportations et des Importations pendant la Guerre," gives a technical and highly interesting description of the official regulations controlling international trade, which have been enacted by the various Governments since the beginning of the war. Besides containing complete lists of goods, the import and export of which have been prohibited by the Allied and neutral powers the book in question also gives full information as to the procedure of obtaining licenses for the importation and exportation of such goods. "La Réglementation des Exportations et des Importations pendant la Guerre" is a particularly interesting and valuable book for firms engaged in European trade; it is published by Morin & Millant, 40 Rue d'Hauteville, Paris—(Post free: four francs).

#### COMMERCE COMMISSION GRANTS RAILROADS' PETITION FOR ADVANCE IN COAL RATES.

As announced in our article on "The Financial Situation," the Inter-State Commerce Commission yesterday denied the petition of the railroads of the country for a 15% general advance in freight rates. Earlier in the week, however, an advance of 15 cents per ton in the coal rates in Eastern territory applied for by the railroads as part of the general 15% increase in freight rates, was granted by the Commission. The increase in coal rates will go into effect on July 1, according to an announcement made by the Commission on June 25. The announcement says:

On the 8th instant an informal hearing was held by the Board of Suspension on applications to suspend certain increased rates on bituminous coal between points in official classification territory, provided for in tariffs of various carriers, indicated to become effective July 1.

The Commission voted not to suspend the protested rates which become effective July 1.

The 15% advance in freight rates applied to all commodities, except iron ore, bituminous coal and coke, for which specific increases were filed. According to the "Journal of Commerce," the ruling made known on the 25th applies to bituminous coal from Pennsylvania, Maryland, West Virginia, Virginia, Kentucky, Tennessee and Ohio producing fields to points east of the Mississippi and north of the Ohio River.

#### COMMERCE COMMISSIONS RULING ON EMBARGO PRACTICES OF BALTIMORE & OHIO.

The Inter-State Commerce Commission has ruled that the embargo practices of the Baltimore & Ohio RR. with respect to grain shipments "is not inherently unreasonable or otherwise unlawful," but does not accomplish the results desired. The decision was in the case of the Baltimore Chamber of Commerce against the Baltimore & Ohio and other carriers.

It appears from the syllabus in the case that for the last two years carriers owning export elevators at Baltimore, Md., have declared embargoes from time to time on grain for export. Two of them adopted the practice of accepting such grain for transportation only upon assurance that a vessel would be available to receive the grain at the port. The complainant alleged that this practice is unreasonable, unjustly discriminatory and unduly preferential; that the defendants' practices with respect to embargoes on shipments of corn are likewise unlawful; that the defendants' practice of declaring, modifying and suspending embargoes without sufficient notice to shippers has subjected certain persons to undue prejudice, and that undue prejudice also results from the defendants' practice of embargoing shipments of grain from certain territory while contemporaneously accepting grain from other territory. The Commission held that:

1. Under the transportation conditions which have obtained for many months, and in view of those which the existing state of war necessarily creates, a practice of accepting shipments of grain in bulk for export only upon satisfactory evidence that arrangements for its immediate exportation have been made is not inherently unreasonable or otherwise unlawful. But the practice complained of, as applied to shipments of grain in bulk to Baltimore for export, does not accomplish the results desired and unduly prefers the persons to whom permits are issued, because the use made of the permits is not adequately policed and safeguarded. If the permit practice is maintained, the defendants should submit within 60 days for our approval rules which will eliminate the unlawful features of the present practice.

2. The evidence of record with respect to embargoes on corn is too meager to warrant a definite finding as to the lawfulness of the defendants' practices in that respect.

3. The allegations that undue prejudice results from the defendants' failure to give advance notice of their embargo bulletins, and also from their practice of embargoing grain shipped from certain specified territory are not sustained by the evidence.

#### OFFICERS OF NATIONAL ASSOCIATION OF OWNERS OF RAILROAD SECURITIES.

The officers and Executive Committee of the National Association of Owners of Railroad Securities were announced on June 26. The officers are:

President—S. Davies Warfield, Baltimore, Md., President of the Continental Trust Co.

Vice-Presidents—Eastern district: Forrest F. Dryden, Newark, N. J., President Prudential Insurance Co. of America. Southern district: T. K. Glenn, Atlanta, Ga., President Atlantic Steel Co. Central district: John J. Mitchell, Chicago, Ill., President Illinois Trust & Savings Bank. Western district: Charles C. Moore, San Francisco, Cal., of Charles C. Moore & Co., Inc., engineers, President Panama-Pacific International Exposition. Southwestern district: I. H. Kempner, Galveston, Tex., President Texas Bank & Trust Co., President First Texas Prudential Insurance Co., Mayor of Galveston.

Treasurer—J. Hough Cottman, Baltimore, Md., of J. H. Cottman & Co.

The association, which was formed in Baltimore on May 23 at a conference attended by 600 representatives of banks, insurance companies and individual investors, representing

\$3,000,000,000 of railroad investments, has for its purpose the stabilizing of the securities of the carriers by maintaining their credit. President Warfield, in announcing the officers this week, made the following statement:

This association rests squarely on the vast ownership of railroad securities, universal in distribution and extent, which is the reason for its existence and for its support. Surprising as it is true, fully 50,000,000 people of the country have a very definite ownership in railroad securities. About 33,000,000 have life insurance policies in mutual companies and 8,000,000 have deposits in mutual savings banks.

There are no stockholders of these institutions, their policyholders and depositors mutually own them and their securities, which include \$2,250,000,000 in railroad bonds. About 9,000,000 more persons own railroad securities individually or through stock ownership in financial and other institutions; so do charitable bodies, schools and colleges. Therefore, all questions affecting the carriers are of considerable public moment.

The credit of the railroads requires that they be permitted to earn a margin over operating expenses, taxes and fixed charges sufficient to protect present owners and attract prospective owners of their securities. If not, the carriers can be financed only at a cost curtailing their development, lessening their efficiency, with higher operating costs, all of which must react finally upon those who purchase transportation and depend upon its efficiency for the development of their own business or their own property.

Three-fifths of the \$17,000,000,000 aggregate of railroad securities consist of mortgage bonds—a majority in ownership of the railroads, yet with no voice, which this association now will largely represent in addition to stockholders. The voice of the owners of the carriers should be heard along with the voice of the users of transportation in solving their problems.

This association is not to become a critic of those in authority over the carriers. Its wish is to be helpful and to be among those considered, whenever and wherever questions are decided by governmental agencies—national or State—which affects those it represents.

#### REDUCTION IN FREIGHT CAR SHORTAGE.

A reduction in the freight car shortage during the month of May from 148,627 to 105,127 cars is reported in the latest statement issued by the American Railway Association under date of June 20. The net car shortage on May 1 of 148,627 had been the largest recorded since the present freight car shortage began last September. The improvement witnessed during the month is attributed by the Association to the prompt response on the part of both shippers and railroads to the suggestions of the Railroads' War Board. We quote below the statement in the matter made public last week by the Association:

The shortage of freight cars in the United States was reduced during the month of May from 148,627 to 105,127 cars—almost one-third.

This marked reduction in one month, following four months of rapid increase, is attributed to the prompt response on the part of both shippers and railroads to the specific suggestions which have been made by the Railroads' War Board as to how to secure more effective uses of existing freight equipment. Some of those suggestions are:

Load cars 10% in excess of marked capacity; reduce percentage of cars and locomotives under repairs; improve methods of "firing" locomotives; defer scrapping light locomotives; speed up handling of cars in terminals by prompt dispatch of trains; load and unload promptly; and enlist co-operation of shippers, as a war measure, to secure heavier loading of cars.

The progressive improvement in the situation is indicated, in that on March 1 reports made by railroads to the American Railway Association showed a shortage in the entire country of 130,082 freight cars. The shortage grew to 144,797 by April 1, and on May 1, when the Railroads' War Board was just starting to operate all the railroads as a continental system with the aim of producing a maximum national transportation efficiency, the shortage had reached 148,627 freight cars.

#### B. F. HARRIS ON FINANCING THE WAR.

Stating that it is America's mission to save herself and all the world, B. F. Harris, President of the First National Bank of Champaign, Ill., in an address this week declared that "it is up to us to furnish practically all the new men and money, for our allies are almost exhausted of both. We have," he said, "added tremendously to the hazards of war, to its duration, to its costs in men and money, by not preparing months ago for this inevitable end, but now we must and will go the limit. Our problem now," he continued, "is to so organize our forces—our farms, fields, factories, and mines—that not only will there be no unemployed, but that every worker will be employed to the utmost advantage of the nation." Declaring that "the farmers are not yet into the spirit of the war nor its economic and financial needs," Mr. Harris suggested a conference of the editors of the farm press of America, at which all the farm phases of the war problem could be discussed. As speakers thereat Mr. Harris proposed H. P. Davison, speaking for the Red Cross, Frank A. Vanderlip for Liberty bonds, and Herbert C. Hooyer on prices, production and food control. Mr. Harris also declared that "it is of transcendent importance that the partial mobilization of our gold and fiscal policies, attempted through our Federal Reserve banks be made complete by bringing in the other half of the country's banking assets now in our State banks. It is," he said, "uneconomic, unfair and unpatriotic to leave the burden on the national banks in this great crisis when the strain will be enormous." Mr. Harris' remarks, under the caption "The National Defense," were made before the annual convention of the

#### Wisconsin Bankers' Association at Milwaukee on June 26. We quote what he said as regards "Financing the War."

The Government has put the marketing of Liberty bonds very largely up to the bankers.

As the placing of enormous issues, following each other by only a few months can only be a success by having the general public absorb them—if the banks are to be left free to carry the normal business—it is no light task. The people must understand that the banks can't loan all of their money, or any large part of it, to Uncle Sam, when it is already loaned to them.

It would seem that in the two billion issue just closed, the banks have more than done their part, many of the wage earning and wealthier class also doing their parts. However, the great bulk of our citizens in between, including a very large majority of the farmers, have not come in as numerous or as extensively as they should and must. Liberty bonds are a patriotic saving not a gift.

Unfortunately, the Government slogan was in the singular; "buy a bond," "a bond in every home," and the feeling and psychology of it seems to be in many cases that one \$50 "baby bond" bought is duty done. It is only a souvenir, rather than any sizeable service. Two billion dollars means an average of more than \$100 for every family, and the seven billion already planned for means much more than \$300 to the vast average. I am talking in the mathematics of a problem that must be multiplied and solved by thrift and patriotism.

Many have the feeling that June 15th was the last day to get a bond. They do not realize that they can and must go to the banks now and buy, so that the banks may be free to again take on large amounts of the coming October issue, as well as take care of the local needs.

The people must be told that these bonds should be bought on credit, from their weekly savings and income; that it is not expected and they could not all be paid for all at once in cash, for the loan amounted to almost half the savings bank deposits or one-tenth the individual deposits of all the banks in the United States.

Yet this loan has only increased our per capita debt in this country less than \$20, while Great Britain's increases since war began are \$414.

It is estimated that our 22 million families have an average income of \$1,800; that we have been saving \$250 of this per annum. If, however, we are to carry a war loan in proportion as the rest of our allies, we must save three times this amount and loan it all to Uncle Sam.

It is a great service that we are to do ourselves, for we are the Government, and we must learn at once to save every possible portion of our income, by loaning it to the Government at interest. We will have to get this down to a system for we must save from wages and loan to our country from five to twenty times as much as the two billion June loan.

#### RECEPTION TO ITALIAN WAR MISSION IN NEW YORK.

Greeted with a welcome no less enthusiastic than that accorded the British and French missions last month, the Italian War Mission to this country, headed by Ferdinando di Savoia, Prince of Udine, a cousin of King Emanuel of Italy, arrived in this city on Thursday, June 21. In much the same manner as the tri-color of France was lavishly displayed during the visit of the French mission and the Union Jack was flung to the breeze when the British Commission passed through the city, the green, white and red colors of Italy were shown on this occasion in the decorations throughout the city. City Hall, where the official welcome took place, was also appropriately decorated. The Prince of Udine's party consisted of:

The Marquis Macchio di Cellere, the Italian Ambassador; Enrico Arlotto, Minister of Transportation; Marquis Luigi Borsarelli di Riferredo, Under Secretary of Foreign Affairs; Senator Guglielmo Marconi of wireless fame; Francesco Saverio Nitti, member of the Chamber of Deputies and Professor of Financial Jurisprudence in the University of Naples; General Guglielmotti, Military Attaché; Commander Vannutelli, Lieut. di Zara, of the Royal Italian Navy, aide de camp to the Prince of Udine; Naval Attaché, Deputy Augusto Cluffelli, former Minister, Chevalier di Parente, Secretary of Legation in the Diplomatic Service; Alvisio Bragadini of the Department of Transportation, Chevalier Guido Pardo of the Department of Industry and Commerce; Chevalier Gaetano Pietra of the Department of Agriculture; and Frank L. Polk, Counsellor of the State Department; Warren Robbins and John L. Ryan of the staff of the same department; Lieut. Cols. John C. Gilmore and H. E. Kimmel of the United States Army, and Lieut. Commander William Jeffers of the United States Navy.

The party arrived at Jersey City at 3:30 o'clock in the afternoon, and were met there by a reception committee headed by Dr. Nicholas Murray Butler and Lloyd C. Griscom. The visitors were escorted immediately to the Police boat "Patrol", and were brought across the North River to the Battery, where they were welcomed by Mayor Mitchel and his reception committee.

They then proceeded up Broadway to City Hall. Mayor Mitchel in his address of welcome at City Hall told the Italian visitors that the country was proud to be an ally of Italy in the war, and that we were in it to do our full share, and to continue until victory was assured. Dr. Nicholas Murray Butler, as Chairman of the Citizens Committee, also spoke. Like Mayor Mitchel, he referred to the happy coincidence of the aims and interests of both the old and new countries of the Italian-Americans, and there was prolonged applause when he spoke of the Italian citizenship of New York, in their still strong connections with the Old World, as forming "an invisible bridge over which ideas and accomplishments come and go." The Mayor next introduced the Prince of Udine, who was cheered for several minutes. He read his address from a manuscript in English.

After the reception at City Hall the party drove to Washington Square, where the Prince of Udine laid a wreath upon the Garibaldi statue. The visitors proceeded to the Pembroke Jones residence on East Sixty-first Street, which was placed at their disposal while in this city.

Mayor Mitchel gave a dinner at the Plaza Hotel on Thursday evening, June 21, to the Italian Commission and about eighty-five local guests, with Governor Whitman as chief speaker of the occasion.

At a luncheon given on June 22 by the Merchants' Association of New York at the Hotel Astor in honor of the Italian Commissioners, which was attended by twelve hundred members of the Association, Senator Marconi forcibly set forth the part which America must play in the world war.

After the luncheon at the Astor the members of the Mission went over to Rosebank, Staten Island, and there placed a wreath on the Garibaldi Memorial. At night they were the guests at an official banquet at the Waldorf-Astoria, tendered by Mayor Mitchel and his committee. The entertainment program on Saturday, June 23, included a mammoth reception in the stadium of the College of the City of New York, and a private luncheon at 60 Morningside Heights, given by Dr. Butler. The Prince of Udine and his colleagues on June 24 visited ex-President Roosevelt at Oyster Bay. The Italian Mission left this city on the night of June 24 and arrived in Boston the next morning.

The Italian Commission, before its arrival at New York, made a tour of the South. It was originally planned to have the reception to the distinguished Italian visitors in this city beginning June 12 (as noted in our issue of June 2) but the illness of the Prince of Udine delayed the trip. The Mission visited Atlanta and Birmingham, June 13; New Orleans, June 14; Memphis, June 15; St. Louis and Burlington, Ia., June 16; Chicago, June 18; Pittsburgh, June 19; Harrisburg and Philadelphia, June 20.

Ambassador di Celleri at Washington on June 18 announced that Enrico Arlotta, Minister of Maritime and Railway Transportation in the Italian Cabinet, and now in this country as a member of the Italian Mission, would remain here as head of a permanent Italian War Mission. Signor Arlotta will occupy a position similar to that of Lord Northcliffe, who heads a permanent British War Mission here. The fact that an Italian scientific commission is being sent to the United States was also made known by the Italian Ambassador on June 18.

#### BELGIAN WAR MISSION VISITS CONGRESS.

The Belgian War Mission to this country was received in the Senate at Washington on June 22. The Senate took a thirty-minute recess in order to avail itself of the opportunity of meeting the distinguished Belgian visitors, and Vice-President Marshall appointed a committee consisting of Senators Martin, Gallinger, Hitchcock, Saulsbury, Pomeroy, Smith of Michigan, McCumber and Borah to introduce the Belgian mission to the Senate. Vice-President Marshall in presenting the Commissioners to the Senate asserted that the war would demonstrate that treaties are made to be kept; that a people may dare to walk "through the valley of the shadow of death," touching elbows with their convictions, but that they dare not climb to the mountain tops of safety if thereby they walk over the dead bodies of their high ideals. The Vice-President said:

Senators, since that far-off, unrecorded hour when our ancestors began their slow westward movement, unnumbered and unremembered thousands have died upon the field of battle for love, for hate, for liberty, for conquest, as freemen or as slaves. Every note in the gamut of human passion has been written in the anvil chorus of war. Many have struck the redeeming blow for their own country, but few have unsheathed their swords without the hope of self-aggrandizement. It remained for little Belgium to write a new page in the blood of her martyred sons and daughters in the annals of diplomacy, to inscribe thereon that the dishonor of a people is the aggregate of the selfishness of its citizens; that the honor of a people is the aggregate of the self-sacrifice of its citizens; that treaties are made to be kept, not broken; that a people may dare to walk through "the valley of the shadow of death," touching elbows with their convictions, but that they dare not climb to the mountain tops of safety if thereby they walk over the dead bodies of their high ideals; that a people may safely die if thereby they can compel an unwilling world to toss upon their new-made graves the white lily of a blameless life.

Here, Senators, ends all I know; and here begins what I believe: Belgium shall arise. The long night of weeping shall end; the morning of a day of joy shall break over her desolated homes, her devastated fields and her profaned altars. When it breaks humanity will learn that when mankind gambles with truth and honor and humanity the dice are always loaded.

To me, in all profane history, there is no sadder, sweeter, sublimer character than Sidney Carton. Dreamer of dreams, he walked his lonely, only way. In all the history of nations there is no sadder, sweeter, sublimer story than the story of Belgium. Doer of deeds, she, too, has walked her lonely, only way—via doloroso, that leads to duty, death and glory.

Out of the depths and across the deeps the representatives of the remnant of her people and the guardians of her honor have come to us this day. I present to you the Chairman of that mission, Baron Moncheur.

Baron Ludovic Moncheur, head of the Mission, in addressing the Senate, after expressing his appreciation for the honor of addressing that body, said:

You all know the unspeakable evils which have befallen my unfortunate country—the unprovoked invasion, accompanied by a deliberate system of terror, the burning of many of our thriving cities and of innumerable villages, the massacre of thousands of our peaceful citizens, the pillage and devastation of our country.

Then followed the iron hand of foreign domination, enormous war contributions exacted from all the nine provinces of Belgium, ruinous requisitions of all sorts from our people, the seizure of the raw material of industry, and even the theft of our machinery, which was sent into the country of our enemy for his own use; so that now the silence of death reigns in our industrial centres, which before had been the most active in Europe.

You also know, gentlemen, the way in which this regime of oppression has been carried out—eighty thousand Belgians condemned in the space of one year to various penalties for having displeased the invader; as, for example, the noble burgomaster of Brussels, who has been in imprisonment for the last two years for trying to uphold the principle of civic liberty which for centuries has been so dear to all Belgians.

You have learned also of the deportation of our workmen into Germany—a crime in the horrors of which, according to the opinion of one of your countrymen, should cause more indignation throughout the entire world than all the previous outrages against the sacred principles of justice and of humanity.

But Belgium, even in the midst of the terrible misfortunes which have been brought upon her by her fidelity to treaties, and by respect for her plighted word, does not regret her decision, and there is not a single Belgian worthy of the name who does not now, as on the first day of war, approve the judgment of our Government, that it is better to die, if need be, rather than to live without honor. Like Patrick Henry, all Belgium say: "Give me liberty or give me death."

This sentiment will be shared by all the citizens of the great American nation who responded with such enthusiasm and with such unanimity to the noble words of your President, when, in terms which held the world spellbound, he proclaimed the imprescriptible right of justice over force.

The courage of my fellow countrymen has been strengthened also by the sympathy for our misfortunes which has been manifested throughout your great land. American initiative has bestowed most generous help upon our starving population, and in offering from this tribune the expression of gratitude of every Belgian heart. I wish also to render special homage to that admirable organization, the Commission for Relief in Belgium, which has done so much to save our people from starvation.

Yes, gentlemen, the sympathy of America gives us new courage, and while King Albert, who since the fateful day when our territory was violated has remained steadfastly at the front, continues the struggle with indomitable energy at the head of our army entrenched upon the last strip of our soil that remains to us; while the Queen, that worthy companion of a great sovereign, expends her unceasing efforts to comfort and relieve the victims of battle, exciting enthusiasm by her contempt for the danger to which she exposes herself day by day, on the other side of the enemy's line of steel stand the Belgian people, bowed beneath the yoke but never conquered, maintaining their unshaken patriotism in spite of the seductions of the enemy, as well as in spite of his iron rule—the Belgian population, a martyr, whose courage is upheld by our great Cardinal Mercier, awaits silently in the sacred union of all parties the final hour of deliverance.

That hour, gentlemen, will, I am convinced, be materially hastened by the powerful aid of the United States, and the time approaches when Belgium, restored to full and complete independence both politically and economically, will be able to thank in a fitting manner all those who have aided her to emerge from the darkness of the tomb into the glorious light of a new life.

Accompanying Baron Moncheur to the Senate were the following members of the Belgian Mission: General Leclercq, Hector Carlier, Major Osterrieth, Count Louis d'Ursel and Jean Mertens.

Headed by Baron Moncheur, the Belgian War Mission was formally received in the House of Representatives on June 27. In introducing Baron Moncheur, Speaker Clark referred feelingly to the brave struggle which Belgium has made, and declared that the Belgian people have lived up to their traditions of heroism and valor set by their ancestors whom Julius Caesar declared the bravest in Europe. Baron Moncheur said:

If years ago I admired your country in the fullness of prosperity and wondered at your industrial genius and the marvelous activity of your citizens, it is with even greater admiration that I now see your entire nation rise as one man to answer the voice of your President calling upon you to put forth all your efforts and devotion for the defense of freedom and the rights of mankind. All the sons of America, without distinction of race or party, have rallied to your flag. They think only of their duty to their country. They are ever ready to sacrifice their private and personal interest, and leaving behind them their dear ones who will be plunged in grief and tears on account of their absence, they rally to the Star Spangled Banner, which, for the first time in your history, has crossed the ocean to float over the battlefields of the Old World.

As in the Middle Ages the knights were accustomed to hold a vigil, watching their armor in the chapel so you to-day are making the same holy and prayerful preparation for the battle to come. Everywhere you are carrying on work which day by day brings nearer the moment of supreme victory. While the flower of American youth is preparing itself in your splendid training camps, your shipyards, your factories and munition plants resound with the hum of feverish work providing your soldiers with the implements of war.

American aviation, that marvelous product of the new world, is making ready to lend its powerful aid also to support our armies. Is it not natural, indeed, that the American Eagle from the skies should strike the death blow to the enemy.

After your great stroke for liberty in 1776 you formed a society which you called the Order of the Cincinnati to indicate that when war was finished you knew how to beat your swords into plow-shares, and now when war has been forced upon you, you have given proof that you know equally well how to turn your plow-shares into swords. Some twenty years ago Prince Albert of Belgium, heir to a throne which seemed to be safely sheltered

ered from the blast of war came to America, where he studied with the deepest interest your marvelous country and the wonderful works of industry and commerce which you had developed in the quietude of peace. And now how can I express the sentiments which fill his heroic soul when fighting at the head of his troops in the last trench on Belgian soil, he sees the sons of that same industrious America land upon the coast of Europe, brave champions of the most noble principles and ready to lay down their lives in defense of right and justice.

On a certain occasion a mighty sovereign declared "the Pyrenees exist no more," and to-day we can say with even more truth "There is no longer any ocean"—for endless friendship cemented by gratitude and joint effort and suffering in the cause of justice and liberty, will forever obliterate the barrier of the seas and unite the children of old Belgium to the sons of the young and powerful Republic of the New World.

#### RUMANIAN WAR MISSION.

A Rumanian War Mission arrived in this country on June 22 and reached Washington on June 28. Dr. Basile Lucaei is head of the Mission, and is accompanied by Johan Mota and Lieutenant V. Stocia. Shortly after the party reached this country Dr. Lucaei sent the following greeting to the State Department at Washington:

The patriotic National Mission sent by the Rumanian Government, on touching the soil of the United States of America, made sacred by the spirit of liberty, feels itself compelled to express its sentiments of admiration and great esteem to the great President of the glorious Republic, to his Government, and to his generous people. Your noble and heroic act has produced a mighty feeling of joy and satisfaction throughout the civilized world; it guarantees the final victory of civilization and also the existence and development of the small nations.

We find it only natural that the Rumanians in Europe and in America, inspired by the example of the great President, take part in the glorious struggle of the civilized nations from which shall result our liberty and national unity.

Long live the great Republic, her President and Government. May her glorious army be crowned with the laurels of victory on land and on sea, for civilization, for liberty and for the rights of peoples. The Rumanians will follow where you lead.

DR. BASILE LUCACI,  
Chief of Mission.

The Rumanian Mission, it is said, is not strictly of a diplomatic character and will devote most of its time to stimulating recruiting for the Rumanian Army among their countrymen in America.

#### CONTROL OF FRENCH MERCHANT MARINE UNDER ONE DEPARTMENT.

A resolution placing the work of increasing the French Merchant Marine under the control of one department was passed by the Chamber of Deputies at Paris on June 23. The resolution was signed by forty-four members of the Merchant Marine Committee invited the Government to centralize the work of building, buying, and chartering merchant ships, a task which has previously been divided among several Ministers. The Paris dispatches of June 23 had the following to say on the Merchant Marine situation in France:

Louis Nail, Under Secretary for the Mercantile Marine, answering criticisms, said that the French merchant fleet was 2,500,000 tons at the beginning of the war and since that time had lost 560,000 tons, 460,000 by acts of war. During the same period 680,000 tons had been built or bought and another 140,000 was on the stocks, so that the fleet was actually greater now than before the war, despite the U-boat menace.

Secretary Nail then pointed out that Germany had lost 2,500,000 tons, 50% of its entire fleet, and declared that reports that Germany was building hundreds of ships were mere bluff.

Deputy Bouisson said that the Secretary was too optimistic, that the merchant fleet was in a dangerous situation, and that was due to Government inertia. He said that ships must be built at once or France would not be able to feed herself. The Deputy declared that the question took precedence over all others, even that of effectives, and that England preferred to lend France ships and build for herself. He concluded by demanding that the Government insist upon the Allies giving France the help they owe her.

Premier Ribot then mounted the tribune. He said he recognized that the situation was not satisfactory but he pointed out the difficulties in buying ships. Commissioner Tardieu had bought some in America and had asked the French ship owners to buy others, but the Premier said that he must admit that they were slow about it. The question of paying cash was another difficulty and, while it would be better to build, he declared that the nation's activity must be concentrated on the manufacture of munitions. Besides, raw materials, were scarce and skilled labor insufficient.

Minister of Substantance Violette said that as there was no longer a pressing need of ships to import cereals the desire of the Chamber to place the Merchant Marine under one control could be gratified. He said that he would not raise the question of confidence as the debate was not political.

#### SINKING OF BRITISH STEAMERS SOUTHLAND AND MANCHESTER MILLER.

The British steamer Southland was torpedoed and sunk without warning on June 4. She left Liverpool en route to Philadelphia on May 30 with a small general cargo and eighty passengers, of whom six were Americans. Dispatches from London on June 8 stated that after the first torpedo was fired the gun crew on the Southland fired ten shots at the submarine which, however, were without effect. When the second torpedo was fired by the sub-

marine an explosion occurred in the magazine and eight men were killed. The Southland, formerly the Vaderland of the Red Star Line, was a twin screw steamship of 11,899 tons; she was launched at Glasgow in 1900. She was 560.8 feet long, with a 60 foot beam and 38 feet depth of hold. Until the war she sailed under the Belgian flag when she was taken over by the British Admiralty for war service. In addition to those killed 28 persons were said to be missing as a result of the Southland's sinking. It is said there are five American survivors. The Southland was torpedoed in 1915 in the Aegean Sea while on her way to Alexandria, Egypt with troops. It was reported at that time that nine were killed and twenty-two were missing. She reached Mudros under her own steam.

The dispatches from London on June 8 also stated that two Americans were killed when the British steamer Manchester Miller, loaded with cotton, was torpedoed on June 5.

#### ENEMY ALIENS NO LONGER MEMBERS OF BRITISH ORDERS OF CHIVALRY.

Announcement that orders had been issued that all enemy aliens should cease to be members of any British order of chivalry to which they belonged before the outbreak of the war, was made by Chancellor Bonar Law in the House of Commons on June 20.

#### BANKING AND LEGISLATIVE NEWS.

No sales of either bank or trust company stocks were made this week at the Stock Exchange or at auction.

The Federal Reserve Act amendments, approved June 21, which provide for the incorporation of State banks and trust companies into the Federal system, and materially affect banking at such important points as the reserves of member banks, Federal Reserve note issues, and bank and trade acceptances, are presented in a pamphlet prepared by the National Bank of Commerce in New York for its clients. The book includes the amendments conveniently arranged and the complete text of the Federal Reserve Act in its present form.

A synopsis of the changes made in the Federal Reserve Act by the amendments which were approved by the President June 21, and which went into effect immediately, is given in a booklet, just issued by the Guaranty Trust Company of New York. A digest of the law and the full text of the new amendments are also included. The changes in the law affect, among other things, the issue of Federal Reserve notes, the reserves of member banks, and the admission of State banks and trust companies to the Federal Reserve System.

The Supervisors of State Banking Departments at its annual convention at Burlington, Vt., June 18-20, unanimously adopted a motion instructing the Secretary of the meeting, John M. Davis, State Banking Commissioner of Arkansas, to draft and forward a resolution to Governor Whitman of New York, commending him for his appointment of George I. Skinner as State Superintendent of Banks after July 1, succeeding Eugene Lamb Richards. For a number of years Mr. Skinner has addressed the annual convention of the Supervisors of State Banks, and his subject at these meetings always attracted a great deal of attention. Practically every State Banking Department of the United States was represented at the Burlington convention.

Control of the Merchants National Bank of this city, for the second time this year, has passed into new hands. A New York capitalist and a syndicate of Canadian financiers, represented in the transaction by the Royal Bank of Canada, it became known on June 23, have purchased 20,001 shares of the Merchants National stock, or one share in excess of half the bank's capital, owned by George Coffing Warner, who early in January of this year wrested control from the old management headed by Robert M. Galloway. The consideration for control in the present transaction is understood to be in the neighborhood of \$2,875,000. Theodore E. Burton, President of the institution, it is said, will retain that office. For the present it is believed that no changes will be made in the rest of the executive staff of the bank, although it is expected that at a meeting to be held shortly three or four new directors will be added to the board, to represent

the new interests in control. The present transaction is also expected to increase greatly the size of the bank. It is understood that the institution will hereafter make a specialty of Canadian accounts. In that respect it will have, it is thought, an advantage over the agencies of Canadian banks in this city, owing to the fact that foreign banking corporations are not permitted to accept deposits, while the Merchants, being a national bank, will undertake to handle the accounts of the large Canadian companies which do business here. The Merchants National Bank was organized in 1803, and is the third oldest bank in this city. It has a capital of \$2,000,000, surplus and undivided profits of \$2,537,013, and on June 20 last reported deposits of \$19,243,973. Senator Burton, its President, served in the House and Senate at Washington for twenty-two years, and during that time held memberships in many committees and commissions. He is a graduate of Oberlin College, a member of the Ohio Bar, and an authority on economic questions. Other officers of the Merchants National are Harry T. Hall, Vice-President; Owen E. Paynter, Cashier, and Frank L. Hilton, George S. Talbot and Irving S. Gregory, Assistant Cashiers.

Recognizing the importance of our new commercial and financial relations with France, and desiring to assist in every possible way those Americans who are serving this country abroad, the Guaranty Trust Company is opening an office in Paris similar to that which it has maintained in London for almost twenty years. The Paris office is in a new building at Nos. 1 and 3 Rue des Italiens, within a stone's throw of the Grand Boulevard, and about midway between the Bourse and the Place de l'Opera—the two centres of business activity in Paris. Such institutions as the Credit Lyonnais, the Banque de l'Union Parisienne, the Banque Nationale de Credit, the Credit Mobilier, and the Banque Union de Moscou are close neighbors of the Trust Company's offices, while immediately to the left of the building are the quarters of "Le Temps," one of the leading Parisian newspapers. In the building itself are the offices of the Consul-General of the United States. Alexander Phillips has been appointed manager of the new office; G. Hebmann, sub-manager; William G. Wendell, Secretary, and Richard Staigg, Assistant Secretary. The following information is furnished regarding these men:

Mr. Phillips' past experience as representative of the Guaranty Trust Company in Paris, as well as his fifteen years in foreign banking in America and former connections with the Paris office of the Comptoir National d'Escompte, and with the Credit Industriel, both in London and Paris, have given him a thorough knowledge of international banking transactions, as well as of local financial and commercial requirements in France. Mr. Hebmann has been manager of various important branches of the Comptoir National d'Escompte de Paris, such as those in Lyons and Havre, the French centres for the silk, cotton and coffee trades. Mr. Wendell was the Boston representative of the Guaranty Trust Company before his departure for France. Mr. Staigg, prior to his association with the Guaranty Company in New York, was for many years foreign exchange clerk of the Canal Bank and Trust Company of New Orleans; he has been acting recently as Mr. Phillips' secretary in Paris. Messrs. Bernard Avegno and Robert Blenz, who have been temporarily with the London office, are in charge of the work of various departments in Paris. Olaf Giese is the chief accountant. B. G. Smith, the auditor of the company in New York, is now in Paris with his assistant, Lionel Mundy, installing a system of accounting and auditing similar to that in use in the main office of the Guaranty Trust Company and in all its branch offices.

At a special meeting of the stockholders of the Guaranty Trust Company of New York on June 25 it was voted to increase the capital stock from \$20,000,000 to \$25,000,000. The new stock will be offered to the stockholders of the company of record at the close of business June 25 for subscription and payment ratably in the proportion of their respective holdings, at the rate of 25% thereof, at par on or before July 16.

The National City Bank of New York on June 27 instituted suit in the United States District Court at Trenton, N. J., to recover \$126,631.41 from the defunct Mutual Trust Co. of Orange, N. J. The papers filed charge that E. H. Hatch, Vice-President of the company, presented three certificates of deposit to the National City Bank, aggregating \$140,000, which were indorsed by him and delivered to the bank for value. At the time of this deposit the Mutual Trust had to its credit with the City Bank \$13,368.59, which the latter institution has applied to its claim, suing for the balance after Banking and Insurance Commissioner La Monte had rejected the claim.

Stockholders of the Public Bank of this city, at a meeting on June 22, approved the plan for the nationalization of the institution. With the approval of the change by the Com-

troller of the Currency, the bank will become known as the Public National Bank.

The Battery Park National Bank of this city will pay on July 2 to holders of record June 21 an extra dividend of 3% in addition to the regular semi-annual distribution of 3%. The extra payments made heretofore by the institution have been 1%.

William C. Duncan, President of the Greenwich Bank of this city, died suddenly on June 21 at Shawnee-on-the-Delaware, Pa., in his sixty-second year. He was elected a director of the Greenwich Bank in 1902 and at the same time succeeded the late John R. McLean as President. Mr. Duncan was also at one time connected with the Hanover National Bank.

The Citizens' National Bank of this city has declared a quarterly dividend of 2½%, payable July 2 to holders of record June 23. This raises the annual rate to 10%, 8% per annum having been the previous rate.

Benjamin E. Smythe, President of the Gramatan National Bank of Bronxville, N. Y., has been elected a Vice-President of the Scandinavian Trust Co. of this city, and will assume his new duties next Monday. Mr. Smythe is the retiring President of the New York State Bankers' Association.

Percival W. Trudeau, heretofore Vice-President and Resident Manager in New York of the Bankers & Manufacturers Mercantile Agency, has been appointed Credit Manager of the Equitable Trust Co. of this city.

The Bryant Park Bank of this city has declared an extra dividend of 1% along with the regular semi-annual distribution of 3%, both payable July 1 to holders of record June 26. The institution began dividend payments in July 1916, paying 3% at that time. Another 3% was paid Jan. 1 1917.

Frederick W. Wurster, well-known business man and former Mayor of the City of Brooklyn, died on June 24 at his summer home at Belgrades Lakes, Me., from a stroke of paralysis. Mr. Wurster was the twenty-fifth and last Mayor of Brooklyn, serving from Jan. 1 1896 to Jan. 1 1898, when Brooklyn became a part of the greater City of New York. He was born in Plymouth, N. C., in 1860, and came to Brooklyn at the age of seven, and at the age of twenty established an axle foundry and factory. Mr. Wurster was Vice-President and acting President of the Spring & Axle Association of the United States, a founder of the Nassau Trust Co., a trustee of the Citizens Savings Bank and a director of the Manufacturers National Bank, of Brooklyn.

At a meeting of the directors of the Glen Cove Bank of Glen Cove, N. Y., held on June 21, Frederick E. Willits resigned as President; David N. Gay resigned as Vice-President and was elected President. Edward T. Payne was elected Vice-President. Mr. Willits has served the bank as Vice-President and President since its organization twenty-five years ago. As a mark of the directors' appreciation of these many years of service he was elected Chairman of the Board with authority and power to manage the affairs and business of the bank as an executive officer and to bind the bank by his acts and signature with the same effect as if he were President. This is a new office and is created for this special occasion. These resignations and elections become effective July 1.

The New York State National Bank of Albany has opened a new addition to its home at the corner of James and State Streets. About a year ago the State National Bank, which was organized in 1803 and is the oldest bank in Albany, purchased the Spencer Trask Building with a view to enlarging its quarters. The new building adjoins the old one. The latter has also undergone considerable remodeling and the two buildings have been made into one. The bank has a capital of \$500,000 and deposits on March 5 of \$22,064,029. The officers of the bank are: Ledyard Cogswell, President; J. T. Lansing and Ledyard Cogswell, Jr., Vice-Presidents; George A. White, Cashier; William Bruce, J. M. Russum and E. R. Thorne, Assistant Cashiers.

With the declaration of a quarterly dividend of  $2\frac{1}{2}\%$ , payable June 30, the directors of the National Shawmut Bank of Boston have placed the stock on a 10% basis. The rate had heretofore been 8%. The institution has a capital of \$10,000,000.

Sidney W. Winslow, President of the United Shoe Machinery Corporation, and a director of the First National Bank of Boston, died on June 18. Mr. Winslow was sixty-three years of age. He had numerous other business connections besides those mentioned, some of the other organizations with which he was connected being the U. S. Smelting, Refining & Mining Co., the Danvers Gas & Electric Co., Campbell, Bosworth Machinery Co., O. A. Miller Treering Machinery Co., &c., &c.

Don E. Curtis has been chosen Cashier of the new Second National Bank of Malden, Mass., which expects to open for business about Sept. 15 1917. Mr. Curtis was formerly Cashier of the Melrose National Bank of Melrose, Mass., but resigned that position when the Melrose National was converted into the present Melrose Trust Co. in April 1916. The new Second National Bank of Malden will have a capital of \$100,000, and paid-in surplus of \$25,000. It will occupy quarters in the new Sargent Building. The following is a list of the officers of said bank: Arthur P. Hardy, President; Harvey L. Boutwell, First Vice-President; Charles H. Watkins, Second Vice-President, and Don E. Curtis, Cashier.

The board of directors is as follows:

Arthur P. Hardy,	Fred E. Chick,	John V. Kimball,
Harvey L. Boutwell,	Frank C. Fellows,	Charles S. Norris,
Charles H. Watkins,	Albert J. Hawko,	Charles L. Woodside,
Harold L. Bond,	Israel I. Kotzen,	Edmund S. Wellington.

John C. Knox, Cashier, has been elected Vice-President of the National Bank of Germantown, Philadelphia, succeeding E. Eldridge Pennock. Mr. Knox will serve the bank in both capacities in the future. Edward Meadowcroft has been made Assistant Cashier. William Warner Harper has been elected a director, succeeding Mr. Pennock.

Jonathan Jenks, of the firm of Elder & Jenks, brush manufacturers, has been elected a director of the Union National Bank, of Philadelphia, Pa.

In connection with the change in the name on July 2 of the banking firm of Graham & Co. of Philadelphia to Graham, Parsons & Co., it is announced that there is no change in the members of the firm, no change in business or policy, nor any other change except that of the firm name.

Alfred G. Scattergood was appointed Assistant Treasurer of the Provident Life & Trust Co., of Philadelphia, at a meeting of the directors on June 25.

Seven new directors were added to the board of the Metropolitan Trust Co. of Pittsburgh at the annual meeting on June 20. They are W. J. Zahniser, Walter F. McQuiston, M. C. Cameron, Albert J. Halter, George W. Milliken, H. A. Kleeb and John J. Dauer.

The new West Side National Bank of Chicago, whose organization was referred to in these columns June 2, began business on June 11 at West Twelfth Street and Ashland Avenue. The new bank starts with a capital of \$200,000 and surplus of \$20,000. The officers are: Thomas J. Healy, President; Edward R. Litzinger, Vice-President; Leo P. Cummings, Cashier; Herman Elenbogen, Manager of the Foreign Department. The directors and members of the advisory committee are: Abel Davis, Roger C. Sullivan, Jacob Franks, Edward R. Litzinger, Max Shulman, E. R. Hatchitt, Edward P. Neumann, Fred G. Salerno, Herman Elenbogen and Thomas J. Healy.

J. F. Ebersole has been made Cashier of the State Deposit Bank of Minneapolis, succeeding Edward Mattson. Mr. Ebersole, who has been a member of the Economics Faculty of the University of Minnesota for the past six years, and a director of the bank since its organization in 1915, has obtained from the University one year's leave of absence, during which time he will determine whether the new post appeals to him more than his college work. As a student in the University of Chicago and Harvard University, Mr.

Ebersole specialized in banking and general financial subjects which he has taught in universities in Chicago, Milwaukee and Minneapolis. He also had charge of the courses for bank employees, held in Minneapolis under the auspices of the American Institute of Banking, and the work in elementary banking offered by the Minneapolis Clearing House Association, was outlined by him. In connection with this work, he has made a special study of banking methods in the First National Bank of Chicago, and in the line banks of North Dakota. The State Deposit Bank began operations in December 1913, taking over the business of the Savings Bank of Minneapolis.

In keeping with the plans under way since the first of the year to bring about a closer working arrangement between the Southwest National Bank of Commerce and the Commerce Trust Company of Kansas City, Mo., the directors of the two institutions completed the plans on June 9. As a result, a common ownership of the stock of the two institutions is brought about. It has been the purpose to bring into this organization additional men and in furtherance thereof W. T. Kemper, formerly President of the Commerce Trust Company, has been elected Chairman of the Board of Directors of the Southwest National Bank of Commerce, and Chairman of the Board of the Commerce Trust Company. As Chairman of the Board of the Southwest National Bank of Commerce, Mr. Kemper succeeds F. P. Neal, retired. It is announced that the institutions will continue to have the benefit of the counsel, advice and assistance of Mr. Neal. Mr. Kemper withdrew as President of the Commerce Trust Company last January, at the time of the announcement that the Southwest National had acquired controlling interest in the trust company. It was then stated that he would continue with the institution in an advisory capacity. J. W. Perry and W. S. McLucas remain as President of the Southwest National Bank of Commerce and of the Commerce Trust Company, respectively. R. P. Brewer, President of the First National Bank of McAlester, Oklahoma, has been elected a Vice-President of the Southwest National Bank. The bank also announces the recent election of two new Assistant Cashiers, namely H. Y. Lemon, formerly Assistant Cashier of the Tootle-Lemon National Bank of St. Joseph, and Frank C. Mitchell, for the past four years connected as Examiner with the Missouri Banking Department and prior to that engaged in the banking business at Centralia, Mo. The two institutions have combined deposits of \$81,839,024 and combined total resources of \$94,175,079; the deposits of the Southwest National Bank of Commerce are \$52,066,977, while the deposits of the Commerce Trust Company are \$29,772,047. The total resources of the bank are given as \$62,218,511 and of the trust company \$31,956,568. The bank has a capital of \$4,000,000, while the capital of the trust company is \$1,000,000. The combined capital, surplus and profits of the two are over \$8,000,000.

Henry A. Hare, Vice-President of the Church Hill Bank of Richmond, Va., died on June 21 from the effects of an attack of heart failure. Mr. Hare was sixty-two years old. He had been a lifelong resident of Richmond, and for many years conducted a lumber business in that city.

The Farmers & Merchants National Bank of Los Angeles, Cal., has made the following changes in its staff; V. H. Rossetti, Cashier of the bank, has in addition been elected a Vice-President; A. E. Elliott, for the past thirty years connected with the bank, has been made an Assistant Cashier succeeding the late Gustav Heimann; G. H. Naegle is also a newly elected Assistant Cashier. He has been in the service of the bank for thirteen years.

The San Francisco "Commercial News" is authority for the statement that Ralph S. Stacy, President of the Washington Bankers' Association, has announced the receipt of advices on June 15 that the application of Coffman, Dobson & Co., bankers of Chehalis, Wash., for admission to the Federal Reserve System has been approved by the Federal Reserve Board.

Charles N. Candee, President of Gutta Percha & Rubber, Limited, has been elected a director of the Canadian Bank of Commerce of Toronto.

The Standard Bank of Canada, head office Toronto, has declared a dividend for the current quarter ending July 31 at 3 1/4%, being at the rate of 13% per annum upon the paid-up capital of the bank, and which will be payable on and after the first of August to shareholders of record as of the 21st of July.

The Corn Exchange Bank of this city has issued the following letter to its stockholders embodying its plan for a donation to the Red Cross fund, through a dividend declaration:

To the Stockholders of the Corn Exchange Bank:

It has been suggested that this Bank declare a dividend to be devoted to Red Cross objects. As there is some doubt as to the right of any financial institution to make a donation of the stockholders' money for any purpose of this character, the board has decided to meet the suggestion in the following way:

We have declared an extra dividend of \$1 per share to stockholders of record on June 30 and we will mail checks to you on that date. This dividend is placed in the control of the stockholder with full liberty of disposition as he or she may think best. If the Red Cross is favored, the check or its equivalent may be remitted to the American Red Cross War Relief Fund, Central Trust Co., Assistant Treasurer, 54 Wall Street, New York City.

WILLIAM A. NASH, Chairman.
WALTER E. FREW, President.

THE ENGLISH GOLD AND SILVER MARKETS.

We reprint the following from the weekly circular of Samuel Montagu & Co. of London, written under date of June 7 1917:

GOLD.

The Bank of England gold reserve against its note issue shows a decrease of £16,745, as compared with last week's return.

Gold to the value of \$7,844,000 has been engaged for shipment in New York, mainly for Japan.

The West African output for April 1917 amounted to £123,825, as compared with £135,976 in April 1916 and £158,727 in March 1917.

SILVER.

The price has ruled a fraction higher during the week and was quoted to-day 88 1/2 d., the highest touched since Feb. 16 last, when the same price was recorded. There is no change in the conditions reported last week, shortness of supplies rendering the market sensitive to any inquiry which may be experienced. It is stated in an official French report that, owing to the increasing demand for silver coins, the total minted in 1916 amounted to 154,283,813.50 francs in nominal value, representing a total 78.7% above that of 1915, and a weight of silver exceeding 20,700,000 fine ounces.

The report adds that the large extent of this coinage, which is applied to replace small paper notes in circulation, ought to maintain public confidence in the use of the small notes issued by the chambers of commerce as a temporary expedient during the war. As a result of entry into the world conflict, the United States of America commenced to make purchases for coinage, the extent of which may possibly gather strength as the military forces of the States increase in number. "Financial America" of May 17 gives the quantity purchased, during the short period that has elapsed, as 3,000,000 ounces, working out at the rate of about 400,000 ounces a week, and states that it is the practice for American military and naval forces upon foreign service, as well as in some localities upon the Pacific Coast, to be paid in coin, gold for the larger, and silver for the smaller sums. The last three Indian currency returns received by cable give details in lack of rupees as follows:

Table with columns: May 15, May 22, May 31. Rows: Notes in circulation, Reserve in silver coin and bullion, Gold coin and bullion in India, Gold in England.

The stock in Bombay consists of 2,300 bars, as compared with 2,400 bars last week. The stock in Shanghai on June 2 1917 consisted of about 25,400,000 ounces in sycee and 15,300,000 dollars, as compared with 27,000,000 ounces in sycee and 17,300,000 dollars on May 26 1917.

Table with columns: June 1, June 2, June 3, June 4, June 5, June 6. Rows: Cash, Average, Bank rate, Bar gold, per oz. standard.

No quotation fixed for forward delivery. The quotation to-day for cash delivery is 1/2 d. above that fixed a week ago.

ENGLISH FINANCIAL MARKETS—PER CABLE.

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

Table with columns: London, June 23, June 25, June 26, June 27, June 28, June 29. Rows: Silver, Consols, British, French Renten, French War Loan.

The price of silver in New York on the same days has been:

Table with columns: Silver in N. Y., per oz. Rows: 78 1/2, 78, 78 1/2, 77 1/2.

Commercial and Miscellaneous News

DIVIDENDS.

The following shows all the dividends announced for the future by large or important corporations:

Dividends announced this week are printed in italics:

Table with columns: Name of Company, Per Cent., When Payable, Books Closed Days Inclusive. Rows: Railroads (Steam), Alabama Great Southern Preferred, Preferred (extra).

Main table with columns: Name of Company, Per Cent., When Payable, Books Closed Days Inclusive. Rows: Railroads (Steam) Concluded, Albany & Susquehanna, Albany & Western, etc.



Table with columns: Name of Company, Per Cent., When Payable, Books Closed, Days Inclusive. The table is divided into several sections: Street and Electric Rys., Trust Companies (Concluded), Banks, and Trust Companies. It lists numerous companies and their financial details as of June 30, 1917.



Table with columns: Name of Company, Per Cent., When Payable, Books Closed, Days Inclusive. Includes entries like National Gas, common; Preferred; Nat. Cloak & Suit, com. (quar.) (No. 2); National Conduit & Cable, Inc. (No. 1); National Fuel Gas (quar.); National Lead, common (quar.); National Lead, com. (Red Cross div.); National Licorice, common (No. 30); National Lignite, pref. (quar.) (No. 60); National Paper & Type, common (quar.); Preferred (quar.); National Refining, preferred (quar.); National Sugar Refining (quar.); National Surety (quar.); National Surety (Red Cross dividend); National Tool, common (quar.); Preferred (quar.); Nevada Consolidated Copper (quar.); Special; New England Company, 2d pref.; New England Oil & Pipe Line, pref. (qu.); New England Power, pref. (quar.); New England Tele. & Teleg. (quar.); New Idria Quicksilver Mining (quar.); New Jersey Zinc (quar.); Extra; New York Mutual Gas Light; New York Title & Mortgage (quar.); New York Transit (quar.); Niagara Falls Power (quar.); Nipe Bay Co., common (quar.); Nipissing Mines (quar.); North American Co. (quar.) (No. 53); North Butte Mining (quar.); Northern Ontario Light & Power, pref.; Northern Pipe Line; Northern States Power, common (quar.); Preferred (quar.); Northwestern Electric, pref. (qu.) (No. 9); Northwestern Power, preferred; Nova Scotia Steel & Coal, Ltd., com.; Preferred (quar.); Ogilvie Flour Mills, Ltd., com. (quar.); Ohio Cities Gas, preferred (quar.); Ohio Fuel Supply (quar.); Ohio State Telephone, pref. (quar.); Oklahoma Producing & Refining (quar.); Old Colony Gas, pref. (quar.); Osgood & Oklahoma Co. (quar.); Osceola Consolidated Mining (quar.); Otis Elevator, common (quar.); Preferred (quar.); Ottawa Light, Heat & Power, Ltd. (qu.); Owens Bottle Machine, common (quar.); Common (extra); Preferred (quar.); Pacific Mail Steamship, com. (No. 1); Pacific Tele. & Teleg. pref. (quar.); Panama Poin. & L. Corp., pref. (qu.) (No. 1); Pan-American Deben, Corp., pref. (qu.); Pan-Amer. Petrol. & Transp., pf. (qu.); Pennsylvania Salt Mfg.; Pennsylvania Water & Pow. (qu.) (No. 14); Pettibone-Mulliken Co., 1st & 2d pf. (qu.); Pierce-Arrow Motor Car, common; Preferred (quar.); Pittsburgh Coal, pref. (quar.); Pittsburgh Plate Glass, common (quar.); Preferred (extra); Pittsburgh Steel, common (quar.); Pitts. Ferry, Water & Transfer (quar.); Pot Creek Coal (quar.) (No. 1); Poole Engineering & Machine (quar.); Prairie Oil & Gas (quar.); Prairie Pipe Line (quar.); Procter & Gamble, common (quar.); Common (payable in common stock); Preferred (quar.); Providence Gas (quar.); Providence Telephone (quar.); Public Service of N. Y., com. (quar.); Preferred (quar.); Public Utilities Corporation, pref. (qu.); Public Utilities, Knoxville, Ind., pref.; Quaker Oats, common (quar.); Preferred (quar.); Quincy Mining (quar.); Railway Steel-Spring, common (quar.); Ray Consolidated Copper (quar.); Special (Red Cross dividend); Realty Associates (No. 29); Reese Buttonhole Mach. (qu.) (No. 28); Reese Folding Machine (quar.) (No. 33); Royal Shoe, pref. (quar.) (No. 90); Reo Motor Car (quar.); Republic Iron & Steel, com. (qu.) (No. 3); Preferred (quar.) (No. 65); Reynolds (R. J.) Tobacco, com. (quar.); Common (extra); Preferred (quar.); Roanoke Gas Light, pref. (quar.); Royal Baking Powder, common (quar.); Preferred (quar.); Safety & Heating & Lighting (quar.); St. Joseph Stock Yards (quar.); St. L. Rocky Mt. & Pac. com. (qu.) (No. 13); St. L. Rocky Mt. & Pac. Co., pref. (quar.); Scovill Mfg. (quar.); Extra; Sears, Roebuck & Co., preferred (quar.); Securities Company; Sharon Steel Hoop (quar.); Shattuck Arizona Copper (quar.) (No. 20); Extra (No. 8); Shawinigan Water & Power (quar.); Sherwin-Williams Co. of Canada, pf. (qu.); Simpson Creek Coal, pref. (quar.); Sloss-Sheffield Steel & Iron, pref. (quar.); Smart-Woods, Ltd., preferred (quar.); Smith Motor Truck Corp., pref. (quar.); South. Calif. Edison, 1st pf. (qu.); Southern N. E. Telephone (quar.); Southern Utilities, preferred (quar.); South Penn Oil (quar.); South Porto Rico Sugar, common (quar.); Preferred (quar.); South West Pa. Pipe Lines (quar.); Southwestern Cities Electric, pref. (qu.); Spring Valley Water (quar.); Standard Coupler, preferred; Standard Gas Light (N. Y.), common; Preferred; Standard Oil (Kentucky) (quar.); Standard Oil (Ohio) (quar.); Extra; Standard Oil Cloth, com. (quar.) (No. 7); Prof., Classes A & B (quar.) (No. 12); Standard Screw, common; Common (special Red Cross dividend); Preferred A; Preferred B.

Table with columns: Name of Company, Per Cent., When Payable, Books Closed, Days Inclusive. Includes entries like Steel Co. of Canada, Ltd., com. (qu.) (No. 2); Common (bonus); Preferred (quar.) (No. 24); Station (J. B.), common; Preferred; Stohrer Carbide (quar.); Stutz Motor Car of America (quar.); Submarine Boat Corporation (quar.); Subway Realty (quar.); Swift & Co. (quar.) (No. 123); Temple Coal, preferred (quar.); Texas Company (quar.); Texas & Pacific Coal (quar.) (No. 88); Tide Water Oil (quar.); Extra; Tobacco Products Corp., pref. (quar.); Tonopah-Belmont Development (quar.); Tonopah Mining of Nevada (quar.); Toronto Paper; Extra; Torrington Co., preferred; Common (quar.); Common (extra); Common (Red Cross contribution); Transue & Williams Steel Forg. (qu.); Underwood Typewriter, com. (quar.); Preferred (quar.); Union Carbide (quar.); Preferred (quar.); Union Carbide (quar.); Union Natural Gas (quar.); United Drug, com. (quar.) (No. 2); United Fruit, 1st pref. (quar.); United Dyeowad Corp. com. (qu.) (No. 2); Preferred (quar.) (No. 3); United Dyeow'd Cor., com. (Red Cross div.); United Fruit (quar.) (No. 72); Common (quar.); United Gas & Electric Co., pref.; United Gas Improvement (quar.); United Paperboard, Inc., pref. (quar.); United Shoe Machinery, common (quar.); Common (payable in Liberty bonds); Common (payable in common stock); Preferred (quar.); U. S. Glass; U. S. Gypsum, pref. (quar.); U. S. Indust. Alcohol, pref. (qu.) (No. 43); U. S. Steel, Ref. & Mtn., com. (quar.); U. S. Steel Corp., com. (special); U. S. Steamship (bi-monthly); Extra; United Utilities, pref. (quar.); United Verde Extension Mtn. (qu.) (No. 5); Extra; Special Red Cross dividend; Utah Copper (quar.); Special; Utah Gas & Coke, preferred (quar.); Utah Carolina Chem., com. (qu.) (No. 39); Preferred (quar.) (No. 87); Victor Talking Machine, common (quar.); Preferred (quar.); Warner (Chas.) Co. of Del., 1st & 2d pf. (qu.); Warren Bros. Co., first preferred (quar.); Second preferred (quar.); Wells, Fargo & Co. (quar.); Western Electric, common (quar.); Preferred (quar.); Western Union Telegraph (qu.) (No. 103); Westinghouse Brake & Mach., pref. B.; Westinghouse Elec. & Mfr., com. (qu.); Preferred (quar.); Common & pref. (Red Cross dividend); Welsbach Co., common (annual); Preferred; Western Paper Co., pref. (quar.); Western Paper Corp., pref. (quar.); Westmoreland Coal (quar.); Weyman-Burton Co., common (quar.); Common (extra); Preferred (quar.); Wheeling Foundry & Foundry, pref. (qu.); Wheeling Steel & Iron (quar.); Extra; White Motor (quar.); Willys-Overland, preferred (quar.); Wilson & Co., preferred (quar.); Wolverine Copper Mining (Red Cross); Woolworth (F. W.), pref. (quar.); Worthington Pump & Mach., pf. (qu.); Worthington Pump & Mach., pref. B.; Yale & Towne Manufacturing (quar.); Young (J. S.) Co., common (quar.); Common (special Red Cross dividend); Preferred (quar.); Youngstown Sheet & Tube, com. (quar.); Common (extra); Preferred (quar.); Yukon-Alaska Trust (quar.); Yukon Gold Co. (quar.);

a Transfer books not closed for this dividend. b Less British income tax. c Correction. e Payable in stock. f Payable in common stock. g Payable in serfs. A On account of accumulated dividends. 4 Declared \$1 50, payable 50c. each June 20, Sept. 20 and Dec. 20; transfer books closed ten days before payment of dividend. I All transfers received in order at London on or before June 15 will be in time for payment of dividend to transferees. o Declared three quarterly dividends on pref. stock, payable 14% as above, 14% Oct. 1 to holders of record Sept. 10 and 14% Jan. 1 1918 to holders of record Dec. 10. p Formerly the Dominion Steel Foundries. q Payable in U. S. Govt. 3 1/2% Liberty bonds. r Declared 12% payable in quarterly installments beginning July 1. s Special dividend for the purpose of enabling stockholders to make contributions of the same to the Red Cross Association \$100,000 fund. t Declared 10% payable in quarterly installments beginning Oct. 1. u Owing to abandonment of plan to defer dividend declaration until the close of the year, 2-3% was declared payable July 1 to cover quarter to April 1, and the balance of the current year's 7% dividend was declared payable 1 1/2% Oct. 30 and 3 1/2% Dec. 31.

National Banks.—The following information regarding national banks is from the office of the Comptroller of the Currency, Treasury Department: APPLICATIONS FOR CHARTER. For conversion of State banks: The Public National Bank of New York, N. Y. Capital.....\$750,000 Conversion of the Public Bank of New York City. CHARTERS ISSUED. Original organizations: The First National Bank of Hot Springs, N. Mex. Capital..... \$25,000 The Nogales National Bank, Nogales, Ariz. Capital..... 50,000 Succeeds the Santa Cruz Valley Bank & Trust Co., Nogales, Ariz. The Union State Bank of Wichita, Kans. Capital..... 200,000 Acquires the business of the Union State Bank of Wichita, Kans. Total capital.....\$275,000



Table showing liabilities for various dates from June 22 1917 to June 23 1916. Includes categories like Capital paid in, Government deposits, Due to members, Member bank deposits, Collection items, Total gross deposits, F. R. notes in actual circulation, F. R. bank notes in circulation, All other liab., Total liabilities, Gold reserve against net deposit liab., Gold and lawful money reserve against net deposit liabilities, Gold res. agst. F. R. notes in act. circ'n.

Table showing distribution by maturities for various dates from June 22 1917 to April 27 1917. Includes categories like 1-15 days bills discounted and bought, 16-30 days bills discounted and bought, 31-60 days bills discounted and bought, 61-90 days bills discounted and bought, Over 90 days bills discounted and bought, Federal Reserve Notes, Issued to the banks, Held by banks, In circulation, Fed. Res. Notes (Agent Accounts), Received from the Comptroller, Returned to the Comptroller, Amount chargeable to Agent, In hands of Agent, Issued to Federal Reserve banks, None issued, By gold coin and certificates, By lawful money, By commercial paper, Gold redemption fund, Federal Reserve Board, Total, Commercial paper delivered to F. R. Agt.

WEEKLY STATEMENT OF RESOURCES AND LIABILITIES OF EACH OF THE 12 FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS JUNE 22 '17

Table showing weekly statement of resources and liabilities for 12 Federal Reserve Banks: Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, San Fran. Includes categories like RESOURCES (Gold coin & etc. in vault, Gold settlement fund, Gold with Fed. agencies, Total gold held by bks, Gold with F. R. Agents, Gold redemption fund, Total gold reserves, Legal-tend. notes, etc., Total reserves, Bills, Total bills on hand, U. S. long-term secur's, U. S. short-term secur's, Total U. S. securities, Municipal warrants, Total earning assets, Due from other Federal Reserve banks, Uncollected items, Total deductions from gross deposits, 5% redemp. fund against Fed. Res. bank notes, All other resources, Total resources, LIABILITIES (Capital paid in, Government deposits, Due to members, Reserve account, Collection items, Due to F. R. banks, Total gross deposits, F. R. notes in act. circ'n, F. R. bank notes in circ'n, All other liabilities, Total liabilities).

a Difference between net amounts due from and net amounts due to other Federal Reserve banks.

STATEMENT OF FEDERAL RESERVE AGENTS' ACCOUNTS AT CLOSE OF BUSINESS JUNE 22 1917.

Table showing statement of Federal Reserve Agents' accounts for 12 Federal Reserve Banks: Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, San Fran. Includes categories like Federal Reserve Notes, Rec'd from Comptrol'r, Returned to Comptrol'r, Chargeable to F. R. Agt. In hands of F. R. Agent, Issued to F. R. Bank, Held by F. R. Agent, Gold coin and etc., Gold redemption fund, With Fed. Res. Board, Commercial paper, Total, Amt. of commere'l paper delivered to F. R. Agt., F. R. notes outstanding, F. R. notes held by banks, F. R. notes in act. circ'n.



The State Banking Department reports weekly figures showing the condition of State banks and trust companies in New York City not in the Clearing House, and these are shown in the following table:

SUMMARY OF STATE BANKS AND TRUST COMPANIES IN GREATER NEW YORK, NOT INCLUDED IN CLEARING HOUSE STATEMENT (Figures Furnished by State Banking Department.)

The averages of the New York City Clearing House banks and trust companies, combined with those for the State banks and trust companies in Greater New York City outside of the Clearing House, compare as follows for a series of weeks past:

COMBINED RESULTS OF BANKS AND TRUST COMPANIES IN GREATER NEW YORK.

Table with columns: Week Ended, Loans and Investments, Demand Deposits, Specie, Other Money, Total Money Holdings, Entire Reserve on Deposits.

In addition to the returns of "State banks and trust companies in New York City not in the Clearing House," furnished by the State Banking Department, the Department also presents a statement covering all the institutions of this class in the whole State.

For definitions and rules under which the various items are made up, see "Chronicle," V. 98, p. 1661.

The provisions of the law governing the reserve requirements of State banking institutions were published in the "Chronicle" March 28 1914 (V. 98, p. 968). The regulations relating to calculating the amount of deposits and what deductions are permitted in the computation of the reserves were given in the "Chronicle" April 4 1914 (V. 98, p. 1045).

STATE BANKS AND TRUST COMPANIES.

Table with columns: Week ended June 23, State Banks in Greater N. Y., Trust Cos. in Greater N. Y., State Banks outside of Greater N. Y., Trust Cos. outside of Greater N. Y.

Non-Member Banks and Trust Companies.—Following is the report made to the Clearing House by clearing non-member institutions which are not included in the "Clearing House return" on the preceding page:

RETURN OF NON-MEMBER INSTITUTIONS OF NEW YORK CLEARING HOUSE.

Large table with columns: CLEARING NON-MEMBERS, Capital, Net Profits, Loans, Discounts, Investments, etc., Gold, Legal Tender, Silver, Nat. Bank Notes, Federal Reserve Notes, Reserve with Legal Depositories, etc.

Philadelphia Banks.—Summary of weekly totals of Clearing House banks and trust companies of Philadelphia:

Table with columns: Loans, Discounts & Investments, Due from Banks, Deposits (Bank, Indirect, Total), Reserve Held, Excess Reserve.

Note.—National bank note circulation June 23, \$8,210,000; exchanges for Clearing House (included in "Bank Deposits"), banks, \$18,420,000; trust companies, \$2,097,000; total, \$20,517,000.

Boston Clearing House Banks.—We give below a summary showing the totals for all the items in the Boston Clearing House weekly statement for a series of weeks:

Table with columns: BOSTON CLEARING HOUSE MEMBERS, June 23 1917, Change from previous week, June 16 1917, June 9 1917.

Imports and Exports for the Week.—See third page preceding.

Bankers' Gazette.

Wall Street, Friday Night, June 29 1917.

The Money Market and Financial Situation.—The money market situation, including rates and the possibilities of the immediate future, has been one of the dominant factors in Stock Exchange operations this week. All this and more will be governed by the degree of efficiency and successful working of the hitherto untried Federal Reserve system which now promises to be pretty well tested out within, perhaps, the next few months.

Two Government reports have attracted attention this week, viz., that of our international trade for May showing both exports and imports to have been very heavy and although imports exceeded all previous records the balance in our favor for the month was nearly \$270,000,000.

Foreign Exchange.—The market for sterling exchange may be said to be in a nominal position, there not having been a single change in rates for any class of sterling bills during the week. The gold importations amounted to \$24,300,000 and exports to \$11,648,000.

To-day's (Friday's) actual rates for sterling exchange were 4 7/2 for sixty days, 4 7 1/4 for checks and 4 7 1/2 for cables. Commercial on banks, sight, 4 7 1/4; sixty days, 4 7 1/4; ninety days, 4 6 3/4, and documents for payment (sixty days), 4 7 1/2.

Table with columns: Sterling Actual, Sixty Days, Checks, Cables, High for the week, Low for the week. Includes entries for Paris Bankers' Francs, Germany Bankers' Marks, and Amsterdam Bankers' Guilders.

Domestic Exchange.—Chicago, 10c. per \$1,000 discount. Boston, par. St. Louis, 10c. per \$1,000 discount bid and par asked. San Francisco, 10c. per \$1,000 premium. Montreal, \$6 25 per \$1,000 premium.

State and Railroad Bonds.—Sales of State bonds at the Board this week are limited to \$1,000. New York State 4 1/2 at 109 1/4 and \$1,000 New York Canal 4s 1960 at 100.

Continuing the movement noted last week the market for railway and industrial bonds has been dull. Sales were considerably less in volume and from a list of 25 most active issues only 8 advanced, the movement in all cases being fractional.

United States Bonds.—Sales of Government bonds at the Board are limited to \$10,000 4s reg. at 106 and \$5-367,550 U. S. Liberty 3 1/2 at 100 to 100 5-50.

Railroad and Miscellaneous Stocks.—The stock market has continued to exhibit the same peculiar characteristics as for some time past. More attention was given to the railroad shares during the first two days of the week owing, doubtless, to expectation that a substantial advance in freight rates will be allowed by the Inter-State Commerce Commission.

the industrials taking the lead in this movement and affected, no doubt, by the discussion at Washington over prices to be fixed for steel, copper and other products.

Studebaker sold off from 85 to 67 1/2, on expectation of a reduction in its dividend. United States Industrial Alcohol fell away from 165 3/4 to 151 1/2, and Steel, after advancing from 128 3/4 to 132 3/4, closed at 130 3/4.

Among the railway shares Acheson moved up from 101 to 102 3/4, the final figure being 100 1/4. Canadian Pacific and Union Pacific fluctuated between 161 1/4-159 and 139 1/4-134, respectively.

The following sales have occurred this week of shares not represented in our detailed list on the pages which follow:

Table titled 'STOCKS' with columns: Week ending June 29, Sales for Week, Range for Week (Lowest, Highest), Range since Jan. 1 (Lowest, Highest). Lists various stocks like Adams Express, American Snuff, Am Sumatra Tobacco, etc.

Outside Securities.—As has been the case for weeks past, values of securities at the Broad Street "curb" have been irregular.

Aetna Explosive fell away from 5 to 4 1/2 while Butterworth-Judson moved up from 45 to 55, the final figure being 54. Carwen Steel fluctuated narrowly, as usual, and Central Foundry, after advancing from 33 to 38, closed at 36 1/2.

Standard Oil shares were inactive. Anglo-American Oil moved between 19 1/2 and 20 3/4. Sales of Buckeye Pipe Line and Standard Oil of New Jersey were registered at 99 and 590 respectively.





For record of sales during the week of stocks usually inactive, see second page preceding.

Table with columns: HIGH AND LOW SALE PRICES—PER SHARE, NOT PER CENT., SELLER'S WEEK SHARES, STOCKS NEW YORK STOCK EXCHANGE, PER SHARE RANGE SINCE JAN. 1, PER SHARE RANGE FOR PREVIOUS YEAR 1916. Rows list various stocks like Industrial & Misc. (Can.), Bethlehem Steel, etc.

\* Bid and asked prices; no sales on this day. † Less than 100 shares. ‡ Ex-rights. § Ex-rights. ¶ Ex-div. and rights. ■ Par \$100 per share. ● Certificates of deposit. Ex-dividend.

New York Stock Exchange—Bond Record, Friday, Weekly and Yearly 1927

In Jan. 1903 the Exchange method of quoting bonds was changed, and prices are now — "and interest" — except for income and defaulted bonds.

Main table with columns: N. Y. STOCK EXCHANGE, Week ending June 29, Bid, Ask, Low, High, No., Range Since Jan. 1, Interest, Price Friday June 29, Week's Range or Last Sale, Bonds Sold, Range Since Jan. 1. Includes sections for U.S. Government, Foreign Government, State and City Securities, and various Corporate Stocks.

\* No price Friday; latest this week. # Due Jan. # Due Apr. # Due May. # Due June. # Due July. # Due Aug. # Due Oct. # Due Nov. # Due Dec. # Option sale

Main table with columns: BONDS N. Y. STOCK EXCHANGE, Week ending June 29, Interest Period, Price Friday June 29, Week's Range or Last Sale, Bonds Sold, Range Since Jan. 1, and detailed bond listings with prices and dates.

\* No price Friday: latest bid and asked this week. † Due Jan. ‡ Due Feb. § Due June. ¶ Due July. \*\* Due Oct. †† Oct 31.

Main table containing bond listings for N.Y. Stock Exchange and N.Y. Stock Exchange. Columns include Bond Description, Interest Period, Price Friday June 29, Week's Range or Last Sale, Range Since Jan. 1, and various bid/ask/low/high values. The table is organized into sections like 'N.Y. Stock Exchange' and 'N.Y. Stock Exchange'.

\* No price Friday; latest bid and asked. a Due Jan. b Due Feb. c Due May. d Due June. e Due July. f Due Aug. g Due Oct. h Due Nov. i Due Dec. j Option sale



SHARE PRICES—NOT PER CENTUM PRICES.

Sales of the Week Shares.

STOCKS BOSTON STOCK EXCHANGE

Range Since Jan. 1

Range for Previous Year 1916

Main table containing stock prices for various companies like Boston & Albany, Boston Elevated, Boston & Lowell, etc. Columns include date, price, and range.

\* Bid and asked prices. \* Ex-dividend and rights. \* Assessment paid. \* Ex-rights. \* Ex-dividend \* Half-paid

Outside Stock Exchanges

Boston Bond Record.—Transactions in bonds at Boston Stock Exchange June 23 to June 29, both inclusive:

Table with columns: Bonds, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week, Range since Jan. 1. (Low, High). Includes entries like U S Liberty Loan 3 1/2% 1947, Am Agric Chem 5% 1924, etc.

Pittsburgh Stock Exchange.—The complete record of transactions at the Pittsburgh Stock Exchange from June 23 to June 29, both inclusive, compiled from the official sales lists, is given below. Prices for stocks are all dollars per share, not per cent. For bonds the quotations are per cent of par value.

Table with columns: Stocks, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like Amer Sewer Pipe, Amer Wind Glass Mach, Preferred, etc.

Table with columns: Bonds, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week, Range since Jan. 1. (Low, High). Includes entries like Cent Dist Teleph 5% 1943, Indep Brewing 6% 1955, etc.

Baltimore Stock Exchange.—Complete record of the transactions at the Baltimore Stock Exchange from June 23 to June 29, both inclusive, compiled from the official sales lists, is given below. Prices for stocks are all dollars per share, not per cent. For bonds the quotations are per cent of par value.

Table with columns: Stocks, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like Alabama Co, Atlantic Petroleum, Baltimore Gas Appl Mfg, etc.

Table with columns: Bonds (Concl.), Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week, Range since Jan. 1. (Low, High). Includes entries like Cosden & Co 6%, Cosden Gas 6% certfs, Elkhorn Coal Corp 6% 1925, etc.

Philadelphia Stock Exchange.—The complete record of transactions at the Philadelphia Stock Exchange from June 23 to June 29, both inclusive, compiled from the official sales lists, is given below. Prices for stocks are all dollars per share, not per cent. For bonds the quotations are per cent of par value.

Table with columns: Stocks, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like American Gas of N J, American Rys pref, American Stores, etc.

Table with columns: Bonds, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week, Range since Jan. 1. (Low, High). Includes entries like U S Liberty Loan 3 1/2% 1947, Amer Gas & Elec 5% 2007, etc.

Chicago Stock Exchange.—Complete record of transactions at Chicago Stock Exchange from June 23 to June 29, both inclusive, compiled from the official sales lists, is as follows:

Table with columns: Stocks, Friday Last Sale Price, Week's Range of Prices (Low, High), Sales for Week (Shares), Range since Jan. 1. (Low, High). Includes entries like Amer Shipbuilding, Preferred, Booth Fisheries com, etc.



Table with multiple columns: Stocks (Concl'd) - Par, Friday Last Sale Price, Week's Range of Prices, Sales for Week, Range since Jan. 1., and various stock listings including Quaker Oats Co., Sears-Roebuck, and various oil stocks.

Volume of Business at Stock Exchanges

Table titled 'TRANSACTIONS AT THE NEW YORK STOCK EXCHANGE DAILY, WEEKLY AND YEARLY.' showing weekly and total transactions for stocks, railroad bonds, state bonds, and U.S. bonds.

Table titled 'Sales at New York Stock Exchange' comparing weekly sales for 1917 and 1916 across various categories like stocks, government bonds, and U.S. bonds.

DAILY TRANSACTIONS AT THE BOSTON, PHILADELPHIA AND BALTIMORE STOCK EXCHANGES.

Table showing daily transactions for Boston, Philadelphia, and Baltimore stock exchanges, including shares and bond sales.

New York "Curb" Market.—Below we give a record of the transactions in the outside security market from June 23 to June 29, both inclusive. It covers the week ending Friday afternoon:

Table titled 'New York "Curb" Market' listing various stocks and bonds with columns for Friday Last Sale Price, Week's Range of Prices, Sales for Week, and Range since Jan. 1.

Table titled 'Stocks—(Concl.) Par' listing various oil stocks and other securities with columns for Friday Last Sale Price, Week's Range of Prices, Sales for Week, and Range since Jan. 1.

Table titled 'Mining Stocks' listing various mining companies and their stock prices, including Aconia Cop Hill Mines, Alaska-Brit Col Metals, and others.

Table titled 'Mining Stocks' (continued) listing more mining companies and their stock prices, including Aconia Cop Hill Mines, Alaska-Brit Col Metals, and others.

Table with columns: Week ending June 29, Friday Last Sale Price, Week's Range of Prices, Sales for Week Shares, Range since Jan. 1. Includes various mining stocks like Nancy Banks-Montana, National Zinc & Lead, Nevada Rand, etc.

New York City Realty and Surety Companies. Table with columns: Bid, Ask, Bid, Ask, Bid, Ask. Lists companies like Alliance R'y, Amer Surety, Bond & M O, Casualty Co, City Invest & Preferred.

Quotations for Sundry Securities

All bond prices are "and interest" except where marked "r"

Table of various securities including Standard Oil Stocks, RR. Equipments, Bonds, and Ordinance Stocks. Columns include Bid, Ask, Bid, Ask, Bid, Ask.

CURRENT NOTICE.

Following the custom of many year's standing, many of the large banking houses and institutions are publishing in to-day's issue of the "Chronicle" a list of their July 1 coupon payments.

For mid-year investment the firm of John Nickerson Jr., 61 Broadway, this city, Boston and St. Louis is featuring in its weekly page advertisement a list of suggestions among preferred stocks of public utility companies which they recommend.

For record purposes only, all the stock having been sold, Millett, Roe & Hagen and Fritchett & Co. of this city are jointly advertising their recent offering of the capital stock of the National Conduit & Cable Co., Inc., without nominal or par value.

New York City Banks and Trust Companies

Table listing various banks and trust companies in New York City, including their assets and liabilities. Columns include Bank Name, Assets, Liabilities.

Table listing various industrial and miscellaneous stocks, including American Cigar, American Chicle, American Typewriter, etc. Columns include Bid, Ask, Bid, Ask, Bid, Ask.

\* Banks marked with a (\*) are State banks. † Sale at auction or at Stock Exchange this week. ‡ New stock. § Ex-rights. ¶ Ex-100% stock dividend.

\* Per share, † Basis, ‡ Purchase also pays accrued dividend. § New stock. ¶/Flat Price or Nominal. ‡ Ex-dividend. § Ex-rights.

Railroad and Railroad Intelligence.

RAILROAD GROSS EARNINGS.

The following table shows the gross earnings of various STEAM railroad from which regular weekly or monthly returns can be obtained. The first two columns of figures give the gross earnings for the latest week or month, and the last two columns the earnings for the period from July 1 to and including the latest week or month. We add a supplementary statement to show the fiscal year totals of those roads whose fiscal year does not begin with July, but covers some other period. The returns of the electric railways are brought together separately on a subsequent page.

Main table with columns: ROADS, Latest Gross Earnings (Week or Month, Current Year, Previous Year), July 1 to Latest Date (Current Year, Previous Year). Includes sub-tables for BOARDS and Various Fiscal Years.

AGGREGATES OF GROSS EARNINGS—Weekly and Monthly.

Summary table with columns: Weekly Summaries (Current Year, Previous Year, Increase or Decrease, %), Monthly Summaries (Cur. Yr., Prev. Yr., Current Year, Previous Year, Increase or Decrease, %).

\* Includes Cleveland Lorain & Wheeling Ry. b Includes Evansville & Terre Haute. c Includes Mason City & Fort Dodge and the Wisconsin Minnesota & Pacific. d Includes not only operating revenue, but also all other receipts. e Does not include earnings of Colorado Springs & Cripple Creek District Ry. f Includes Louisville & Atlantic and the Frankfort & Cincinnati. g Includes the Texas Central and the Wichita Falls lines. h Includes the St. Louis Iron Mountain & Southern. i Includes the Lake Shore & Michigan Southern Ry., Chicago Indiana & Southern RR., and Dunkirk Allegheny Valley & Pittsburgh RR. j Includes the Alabama Great Southern, Ohio, New Orleans & Texas Pacific, New Orleans & Northeastern and the Nor. Alabama. k Includes Vandalia RR. l Includes N.Y. Ont. RR. m Includes Northern Central. n We no longer include Mexican roads in any of our totals.

Latest Gross Earnings by Weeks.—In the table which follows we sum up separately the earnings for the third week of June. The table covers 26 roads and shows 14.86% increase in the aggregate over the same week last year.

Table with 5 columns: Third Week of June, 1917, 1916, Increase, Decrease. Lists various railroad companies and their earnings for the specified period.

Net Earnings Monthly to Latest Dates.—The table following shows the gross and net earnings with charges and surplus of STEAM railroads and industrial companies reported this week:

Table with 5 columns: Roads, Current Year, Previous Year, Current Year, Previous Year. Lists monthly earnings for various railroads from May 1 to May 31.

Net earnings here given are after deducting taxes. For May taxes and uncollectible railway revenue amounted to \$602,166, against \$537,483 in 1916; after deducting which, net for May 1917 was \$4,304,070, against \$4,317,230 last year.

Table with 5 columns: Gross Earnings, Net after Taxes, Fixed Charges, Balance, Surplus. Lists quarterly earnings for various railroads from May 1 to May 31.

Table with 5 columns: Gross Earnings, Net after Taxes, Other Income, Gross Income, Fixed Charges, Balance, Surplus. Lists monthly earnings for various railroads from April to May.

EXPRESS COMPANIES

Table with 5 columns: Southern Express Co., 1917, 1916, July 1 to March 31, 1917-18. Lists earnings for express companies.

ELECTRIC RAILWAY AND PUBLIC UTILITY COS.

Table with 5 columns: Name of Road or Company, Latest Gross Earnings (Week or Month, Current Year, Previous Year), Jan. 1 to latest date (Current Year, Previous Year). Lists earnings for electric and utility companies.

Electric Railway and Other Public Utility Net Earnings.—The following table gives the returns of ELECTRIC railway and other public utility gross and net earnings with charges and surplus reported this week:

Table with 5 columns: Companies, Gross Earnings (Current Year, Previous Year), Net Earnings (Current Year, Previous Year). Lists net earnings for electric and utility companies.

Table with columns: Companies, Gross Earnings (Current Year, Previous Year), Net Earnings (Current Year, Previous Year). Rows include Philadelphia Company, Natural Gas Dept., Oil Department, Coal Department, etc.

a Net earnings here given are after deducting taxes.
b Net earnings here given are before deducting taxes.
c The balance available for the Wisconsin Edison Co., Inc., and depreciation of subsidiary companies was \$93,176 for May 1917, against \$170,402 in 1916, and for the twelve months to May 31 was \$2,388,212, against \$2,199,137 last year.

Table with columns: Gross Earnings, Net after Taxes, Fixed Charges, Balance, Surplus. Rows include Cleveland Elec Ill., Cleve Painesv & E., Colorado Power, Commonwealth Pow, Ry & Lt., Duluth-Super Trac., Federal Lt & Trac., Ft Worth Pow & Lt., Hudson & Manh (all sources), Kansas Gas & Elec., New England Co Power System, Pacific Pow & Lt., Portland Gas & Coke, Texas Power & Lt., West Penn Power and subsidiary companies, West Penn Rys and subsidiary companies.

z After allowing for other income received.

pended Dec. 31 1916 of \$123,928, and adding \$166,825 appropriated from net income of 1916, makes a total available of \$290,754.
New Station.—The new union passenger station at Burlington, Vt., which was built jointly by the Central Vermont Ry., and this company, was opened for operation Jan. 23 1916.
Rutland Transit Co.—Operation of the boats of the Rutland Transit Co., of which the Rutland R.R. is the sold stockholder, was discontinued during the year under order of the I. S. C. Commission, and the boats were sold.
Loans, &c., Payable.—The company's liability for loans and bills payable, amounting to \$378,000, has been liquidated during the year.

OPERATING STATISTICS.

Table with columns: Operations, 1916, 1915, 1914, 1913. Rows include Miles operated, Passengers carried, Pass. carried one mile, Rate per pass. per mile, Tons rev. freight carried, Tons rev. frt. carr., Tons rev. ton per mile.

INCOME ACCOUNT.

Table with columns: 1916, 1915, 1914, 1913. Rows include Freight, Passenger, Mail, express, &c., Other than transport n., Total oper. revenue, Expenses (Maintenance of way, Maintenance of equip't, Traffic expenses, Transportation, General, &c.), Total expenses, Per cent op. exp. to earn., Net operating revenue, Taxes accrued, Operating income, Divs., int., rents, &c., Gross corporate income, Deduct (Rentals leased lines, Joint facilities, rents, &c., Interest on bonds, Other interest, &c., Improvements, Dividends (2%)), Total deductions, Balance, surplus.

BALANCE SHEET DECEMBER 31.

Table with columns: 1916, 1915, 1916, 1915. Rows include Assets (Road & equipment, Inv. in affil. cos., Stocks, Bonds, Notes, Other invest'ts, Secur. ins'd or as'd, Cash, Material & supp., Agents & cond'r's, Sundry coll. acc't's, Miscellaneous), Liabilities (Common stock, Preferred stock, Bonds (Sec. Ry. & Ind. Section), Loans & bills pay., Accounts & wages, Traffic bal. pay., Int. &c., accrued, Unmat. divs. decl'd, Deprec. (equip.), Mat'd int. & divs., Oper. reserves, &c., Approp. surplus, Profit and loss).

\* After crediting sundry adjustments, \$19,837, and deducting \$300,000 adjustment of Rutland Transit Co. stock held in treasury to its estimated value.—V. 104, p. 1437, 1347.

The Lake Erie & Western Railroad Company. (30th Annual Report—Year ended Dec. 31 1916.)

President Alfred H. Smith says in substance:

The operating revenues for the year were the largest in the history of the company, reflecting the activity of business and the capacity of the property to efficiently handle more traffic than has heretofore offered. The increase in operating expenses was largely the result of the greater volume of business handled and higher costs of material and labor. During the year an important interchange was effected with the Chicago & Eastern Illinois R.R., near Rankin, which has substantially added to the business of the company.

Charges to road and equipment account during the year aggregated \$120,260, and in addition the company expended \$9,295 for improvements upon its leased property, the Northern Ohio Ry.

On July 31 1916 the company issued \$1,100,000 4 1/2% equipment trust certificates, the amount not to exceed 80% of the cost of 1,000 freight-train cars. These certificates are to be paid in ten annual installments, the first installment will be payable Jan. 1 1918 (V. 104, p. 255-)

OPERATING STATISTICS.

Table with columns: Operations, 1916, 1915, 1914, 1913. Rows include Miles operated Dec. 31, Passengers carried, Passengers one mile, Rate per pass. per mile, Earnings per pass. train m., Rev. fr't (tons) carried, Rev. fr't (tons) 1 mile, Rate per ton per mile, Earnings per fr't train m., Earnings per mile of road, Av. train-load (rev.) tons.

EARNINGS, CHARGES, &c.

Table with columns: 1916, 1915, 1914, 1913. Rows include Freight, Passenger, Mail, express and misc., Other than transport'n, Total oper. revenue, Expenses (Maint. way & structures, Maint. of equipment, Traffic expenses, Transportation expenses, General expenses), Total expenses, Per cent exp. to earnings, Net operating revenue, Taxes accrued, Operating income, Rents, interest, &c., Gross corp. income, Rent leased roads, Hire of equipment, &c., Interest on bonds, Other interest, Total deductions, Balance, sur. or def.

ANNUAL REPORTS

Rutland Railroad.

(50th Annual Report—Year ending Dec. 31 1916.)

President Alfred H. Smith says in substance:

Results.—The total operating revenues were \$4,035,656, the largest in the history of the company and an increase of \$486,064 over 1915. Freight revenue was \$2,247,977, an increase of \$309,955 and passenger revenue was \$1,244,051, an increase of \$68,803. The operating expenses were \$2,725,190, an increase of \$251,078, principally: Maintenance of equipment, \$114,462, and transportation expenses, \$121,300. Net revenue from railway operation was \$1,312,466, an increase of \$234,986. Improvements.—From the balance \$242,144, unexpended Dec. 31 1915, \$118,216 has been made during the year, leaving a balance unex-

GENERAL BALANCE SHEET DEC. 31.

Table with columns for Assets (1916, 1915) and Liabilities (1916, 1915). Assets include Road & equipment, Inv. in affil. cos, Other investments, Cash, Special deposits, Material & suppl's, Ag'ts & cond'rs, Miscellane'ous, Other def'd debit items. Liabilities include Common stock, Preferred stock, Mortg'ge bonds, Loans & bills pay., Acc'ts & wages, Miscel. acc'ts pay., Matured interest, Acc'r taxes, Deprec. (equip.), Add. to prop., Inc. since June 30 '07, Profit and loss.

Total 39,077,100 38,286,098 Total 39,077,109 38,286,098

n After deducting unaccrued depreciation, &c., aggregating \$33,877. -V. 104, p. 1591, 256.

Winnipeg Electric Railway.

(24th Annual Report—Year ended Dec. 31 1916.)

President Sir William Mackenzie says in substance:

The net income this year compared with the figures for 1915 show a decrease of \$35,742, owing to very substantial increases in the cost of all materials necessary in the operation of the railway, gas and lighting departments, as well as to the serious competition of the jitneys in the city. The results for the year have been disappointing. For these and other reasons dividends on the capital stock were suspended.

It was felt that, due to financial conditions and the impossibility of disposing of long-term securities at satisfactory prices to retire temporary loans, a discontinuance of dividends for the time being would strengthen the company's financial position and hasten the date for the resumption of dividend payments.

A thorough appraisal of your properties by The J. G. White Engineering Corporation of New York goes to show that the properties have been well taken care of. The board have adopted the appraisal and are pleased to state that all depreciation has been taken care of to date.

The classification of accounts in our system of accounting has been altered to meet the requirements of the Public Utilities Commission.

INCOME ACCOUNT FOR YEARS ENDED DEC. 31.

Table with columns for 1916, 1915, and Report. Rows include Gross earnings, Operating charges, Net earnings, Miscell. income, Gross income, Net income.

The company paid in 1915 dividends aggregating 9 1/2%, amounting to \$855,000 out of accumulated surplus.

President Mackenzie speaks of the decrease in net income for the year 1916 as \$35,742, which indicated that the foregoing comparison is not precisely correct, due, presumably, to the changes in the method of accounting required by the Public Utilities Commission.

Table titled BALANCE SHEET DEC. 31 1916 (TOTAL EACH SIDE, \$27,063,835). Rows include Phys. prop. at reprod'n cost, Sinking fund investment, Investment, Cash, Advances to and stock held in subsidiary cos., Cash in bank, Cash (special account), Notes receivable, Consumers' &c. accounts receivable, Materials and supplies, Prepaid and deferred charges.

x The total issue was £1,300,000; £400,000 is pledged with trustees to secure \$1,500,000 6% gold notes. y Outstanding \$5,000,000, less \$940,000 held in escrow to redeem Winnipeg Electric St. Ry. bonds, and \$60,000 held by sinking fund trustees. z Denotes notes payable to bankers partly secured by underlying bonds. A Payable in installments 1917-1934.

Contingent liability in respect of the principal and interest of Winnipeg Selkirk & Lake Winnipeg Ry. bonds, \$1,400,000; Suburban Rapid Transit Co. bonds, \$500,000; and on demand note of Winnipeg River Power Co., \$200,000.

The profit and loss surplus Dec. 31 1915 was adjusted from \$782,508 to \$682,824.—V. 104, p. 1900.

United States Realty & Improvement Co., New York

(13th Annual Report—Year ended April 30 1917.)

Pres. Wilson S. Kinnear, N. Y., June 13, wrote in subst.:

Results.—The earnings of the company from its investments for the year ended April 30 1917, combined with those of its subsidiary, the George A. Fuller Co., after providing for interest on the company's debenture bonds, amounted to \$493,392 (against \$600,849 in year 1915-16.)

Due principally to the unforeseen abnormal increase in the cost of labor and supplies and to other conditions over which we had no control, the company is now faced with the fact that it will suffer an ultimate loss upon the contracts into which the company entered with the city of New York for the construction of three sections of the rapid transit subway lines, which loss will impair the company's assets probably to the extent of \$2,954,000. This probable loss has been taken into account as shown by the financial statements annexed to this report. It is expected that one of these contracts will be completed on or about Dec. 1 1917, another on or about Dec. 15 1917, and the third on or about May 1 1918. The percentage of payments retained by the city of New York as security for the fulfillment of the three contracts now aggregates \$852,000 and is partly represented by the N. Y. City corporate stock shown on the balance sheet. As each contract is completed, the amount of such retained percentage thereunder should be received by the company from the city.

Outlook.—While the company's resources have been severely taxed by the unfortunate conditions in connection with the contracts with the city of New York, yet it is confidently believed that there will be a considerably increased income for the coming year from its productive investments and from the George A. Fuller Co., which has large and profitable contracts in hand.

Balance Sheet.—On the annexed balance sheet the real estate investments of the company are shown at their book value. As it has become apparent during the past year that with respect to some of the real estate investments of the company there existed a depreciation in value from the book value, a re-valuation of certain of this real estate has been made. As in former years the company's interest in the 43rd St. Realty Co. (which owns the New York Hippodrome) and in the Hotel Operating Associates (which owns the Hotel Breslin) is included under the head of investments. The value of the company's interest therein, represented by equities in the properties, has been written down substantially.

The total difference between re-valuations made and the book value amounts to \$9,556,097. Any real estate appreciation, either through sale or return to productivity of any of the investments so re-valued, will be applicable to a betterment of the company's condition.

Unfinished Business, &c.—During the year the George A. Fuller Co. entered into 53 new contracts aggregating \$24,799,716 and executed work to the amount of \$16,624,235. There was \$24,385,277 of unfinished business of the George A. Fuller Co. as of April 30 1917, an increase of \$8,175,480 as of April 30 1916.

Directors.—On June 1 the number of directors was reduced to 9.

INCOME ACCOUNT YEAR ENDING APRIL 30.

Table with columns for 1916-17, 1915-16, 1914-15, 1913-14. Rows include Interest receivable, Income from investments, Real estate, Security of realty cos., Other stocks & bonds, Construc. &c., contr'is, Profit on realization of real estate & securities, Total income.

Total income \$2,432,343 \$2,600,838 \$2,904,504 \$3,419,609

Deductions—Interest paid and accrued, Expenses of unproductive, Deprec'n of bldgs. &c., General & corp. expenses.

Total deductions \$1,342,451 \$1,403,490 \$1,499,868 \$1,500,571 Net income \$1,089,892 \$1,197,349 \$1,404,636 \$1,919,038

Surplus \$493,392 \$600,849 \$444,473 \$514,398

To the above surplus in 1916-17 there was added previous surplus, \$1,217,625, and \$1,584,193, representing "balance of surplus earnings heretofore reserved for depreciation and contingencies," and from the total (\$3,295,210) there was deducted \$2,954,000 estimated loss on subway contracts, leaving a balance of \$341,210.

CONSOLIDATED BALANCE SHEET APRIL 30.

Table with columns for 1917, 1916. Rows include Real estate and buildings, Less mortgages thereon, Less reserve for depreciation of buildings, Balance, Other real estate investments represented by securities of or advances to controlled or affiliated companies, Loans on mortgage, New York City corporate stock, Investments in other stocks and bonds, Less reserve for depreciation in value.

Total capital assets \$30,452,262 \$20,114,321

Building plant, materials, &c. 267,498 254,243

Deferred operat. charges, unexp. insurance & taxes 210,234 98,822

Bills receivable, \$234,700; agst. \$407,907 in 1916; assets, receivable, \$306,691; agst. \$2,307,378 in 1916; interest and dividends accrued, \$35,204; total \$576,595; less reserve, \$103,218.

Cash at banks or on hand 473,377 2,724,076

Building contract accounts, less payments received in advance 121,865

Total assets \$32,462,136 \$33,080,587

Deduct: Reserve for adjustment in values of real estate and other investments 9,556,097

Balance \$22,906,039

Deficit: Capital asset (adjustment (deducted above), \$9,556,097; less balance of surplus earnings (see contra), \$341,211 9,214,886

Total \$32,120,925 \$33,080,587

Liabilities—Capital stock issued \$16,162,800 16,162,800

Debenture bonds 11,930,000 11,930,000

Loans on mortgage (deducted from real estate) not included in total \$14,443,000 in 1917 agst. \$15,073,000 in 1916 (see contra)

Bills payable (partly secured by collateral) 2,200,000 2,100,000

Accounts payable 271,470 401,376

Taxes and interest accrued 704,146 711,440

Estimated loss on subway contracts (see below), \$2,954,000; less loss to date \$2,159,704 794,296

Rents received in advance 9,737 45,994

Reserve for accidents insurance (1916 also \$486,351 for contingencies) 48,477 511,351

Surplus, April 30 1916 1,217,625

Total \$32,120,925 \$33,080,587

-V. 104, p. 2457, 2349.

Canadian Consolidated Rubber Co., Ltd., Montreal.

(11th Annual Report—Year ending Dec. 31 1916.)

Pres. W. H. Robinson, Montreal, April 3, wrote in subst.:

The volume of business done in 1916 was the largest in our history, due partially to increased selling values of your products, a heavy increase in automobile tire sales, orders for war equipment, and the development of a large export trade. The increase of nearly \$2,000,000 in inventories (priced at cost) was necessitated first, by increased cost prices of all materials, secondly, by need of protecting stability in production of all our factories by actual possession of raw materials well in advance of their consumption, in view of freight embargoes. These conditions are not likely to allow release of extra funds so used for 1917. The Granby factory was reopened and assisted materially in enabling us to fill the increased volume of export and other business. All our factories operated at the fullest extent that available and suitable help would allow. Some minor extensions were made, and now there is ample factory capacity for a further increased business, provided a sufficient number of workers can be obtained.

The business done thus far for 1917, and advance orders received, justify your directors in anticipating a continuance of the confidence which the trade has in the past given to your company.

COMBINED INCOME ACCOUNT FOR CALENDAR YEARS.

Table with columns for 1916, 1915, 1914, 1913. Rows include Net sales, Cost of goods, Net profits, War taxes, Dividends paid, Balance, surplus.

\* Includes cost of goods sold, selling and general expenses, taxes, interest on borrowed money, repairs, depreciations, provisions for bad debts and tire replacements (net).

COMBINED BALANCE SHEET DECEMBER 31.

Table with columns for 1916, 1915. Rows include Assets—Property & plants, Investments, Incl. good-will, Manufact'd goods and materials, Cash, Accounts and bills receivable, Miscellaneous. Liabilities—Common stock, Preferred stock, Bonds, 3% due Oct. '46, 5% deb. Dec. '18, Bills payable, Acc'ts payable, &c., Deprec. & res'v., Surplus.

Total 18,995,906 15,096,665 Total 18,995,908 15,096,665

-V. 104, p. 2554, 1389.

Robert Gair Co., Brooklyn, N. Y.

(Report for 14 Months ending March 31 1917.)

Treas. Lawrence Beattie Jr., May 21, says in substance:

On account of the unusually large amount of work in the manufacturing departments and the very heavy stock of materials and supplies on hand it was deemed advisable to postpone the closing of the books until March 31. Therefore, the report presented is for 14 months instead of for the regular fiscal year.

Results.—While not in any way participating in an increase of business directly attributable to the war, the impetus, common to all manufacturing industries, has had its influence in creating an increased demand for our products, and the company has prospered accordingly.

The net sales have exceeded those of the previous fiscal year by 50%, while the profits for this 14 months' period have been \$727,335, or at the rate of \$623,430 for 12 months, as compared with \$403,634 for the previous year, an increase of 55%. The profits of the business have been used to pay the preferred dividends and the balance re-invested in the plant, and applied to working capital.

Depreciation, &c.—There has been set up from surplus earnings a reserve of \$301,583 for depreciation of buildings and machinery. There has been appropriated \$325,000 for the reduction of good-will, which has now been written down from \$2,000,000 to \$1,250,000. Additions, &c.—Additions to two 12-story buildings, Nos. 5 and 6, have been completed and the increased floor space has enabled us to concentrate the production departments so as to permit of the most economical handling of stock and materials. Railroad terminal facilities have been extended to our plant and freight cars are now delivered within our buildings, practically at our elevators, resulting in a considerable reduction of trucking and handling expenses. A large dock, immediately adjacent to our plant, has recently been acquired, thus providing adequate facilities for excellent water transportation, and we have completed the erection of a fireproof warehouse thereon.

Bills Payable.—The enormous increase in business and the marked advance in raw materials has necessitated a much larger stock on hand with a corresponding increase in floating indebtedness. Our cash receipts are now beginning to reflect the sales at the advanced prices, and we therefore anticipate a continued reduction in the amount of this floating debt.

Outlook.—There has been no curtailment in our business and orders continue to be booked under favorable prices and conditions. Present indications are that the current year will be another very busy and prosperous period.

INCOME ACCOUNT from Feb. 6 1916 to Mar. 31 1917 (about 14 Months).

Table with 5 columns: 14 Months (1916-17, 1916, 1915, 1914), Net earnings, Preferred dividends, Balance, surplus.

BALANCE SHEET.

Table with 5 columns: Assets (Mar. 31'17, Feb. 5'16), Liabilities (Mar. 31'17, Feb. 5'16), Total.

x After deducting for the period ending Mar. 31 1917 \$301,583 depreciation on buildings and machinery, \$325,000 amount written off good-will and \$33,821 sundry adjustment.—V. 104, p. 2237.

International Cotton Mills (Massachusetts Corpor'n).

(Report for Fiscal Year ended Dec. 31 1916.)

PHYSICAL PROPERTIES OWNED AND CONTROLLED.

Table with 5 columns: Properties Owned in Fee Simple (1916, 1915, 1916, 1915), Properties Controlled, Total.

x Extensions to these properties were completed during the year, but, owing to difficulties encountered in connection with deliveries of machinery, it was impossible to operate them to their full capacity.

SALES AND PRODUCTION OF FINISHED GOODS (In Pounds).

Table with 5 columns: Sales of Finished Goods (1916, 1915, 1916, 1915), Production of Fin. Gds. (1916, 1915, 1916, 1915), Grand total.

STOCKS AND BONDS OF SUBSIDIARY COMPANIES DEC. 31 1916.

Table with 5 columns: Company Name, Outstanding, Per Cent Owned, Public, Total.

The company also owns all the outstanding common stock of the J. Spencer Turner Co., which stock is now without voting power.

COMBINED RESULTS (BY QUARTERS) FOR CALENDAR YEAR 1916.

(International Cotton Mills, Bay State Cotton Corporation, Boston Yarn Co., Imperial Cotton Co., Ltd., and Cosmos Cotton Co., Ltd., included.)

Table with 5 columns: Quarters ending (Mar. 31, June 30, Sept. 30, Dec. 31), Calendar Years (1916, 1915), Gross profits, Net profits, Interest on 6% notes, Balance (below).

CONSOLIDATED INCOME ACCOUNT (INCLUDING SAME COMPANIES).

Table with 5 columns: Calendar Years (1916, 1915), Trad. & a., profit, Miscel. income, Interest earned, Gross profits, Net profit for calendar years, Proportion of net profit earned and accrued to Internat. Cot. Mills on basis of its earnings & stock ownership in sub. cos., Less—Int. at 6% on \$4,000,000 5-year notes due June 1 1918, Net profit earned and accrued to Internat. Co. M. (above), Note.—Of the accrued profit for the year (as above), \$1,376,121 in 1916 and \$753,502 in 1915, only \$690,372 against \$396,979 respectively was received by I.C.M.

RESULTS (BY QUARTERS) FOR CAL. YEAR 1916 (EXCLUDING SUB. COS.).

Table with 5 columns: Quarters ending (Mar. 31, June 30, Sept. 30, Dec. 31), Calendar Years (1916, 1915), Gross profits, Net profits, Divid's received (below), Total, Interest on 6% notes, Balance (below).

INCOME ACCOUNT FOR CALENDAR YEARS (EXCLUDING SUB. COS.).

Table with 5 columns: Calendar Years (1916, 1915), Mfg. & a., profit, Interest earned, Miscellaneous income, Gross profit (above), Depreciation reserve, Current interest, Net profits (above), Total, Int. on 6% notes, Preferred dividends, Surplus.

x In 1916 the company also paid \$428,848 preferred dividends in arrears.

BALANCE SHEET AS OF DECEMBER 31.

Table with 5 columns: Assets (Real estate, bldgs., plant & machinery, Securities of sub. cos., Good-will account, Securities representing ownership, J. Spencer Turner Co., Miscel. securities, Treasury common stock, Cash, Inventory, Prepaid insurance and estimated dividends receivable), Liabilities (Preferred stock, Common stock issued, Five-year 6% notes due June 1 1918, Notes payable, accounts payable, Reserve for outstanding underlying pref. stk., Reserve for depreciation of plant, machinery, &c., Surplus), Total.

x After deducting \$165,500 held in treasury, a The debit balance Jan. 1 1916 was \$3,558,529 and the surplus for 1916 \$219,090. After adding sundry debits, viz.: \$500,000 written off good-will acct., \$428,848 pref. divs. in arrears paid, and \$105,071 adjustments, &c., and crediting \$5,000,000 by reducing the par value of 100,000 shares of common stock outstanding from \$100 to \$50 per share (V. 102, p. 2170), less \$165,500 of common stock in the treasury, the total surplus Dec. 31 1916 was \$461,113.

INCOME ACCOUNTS OF SUBSIDIARY COS. FOR CALENDAR YEAR 1916

Table with 5 columns: Company Name, Net profits, Depreciation, Adjustment of good-will, Debentures redeemed, First preferred dividends, Balance, surplus.

BALANCE SHEETS OF SUBSIDIARY COMPANIES AS OF DECEMBER 31 1916.

Table with 5 columns: Company Name, Assets (Plant, machinery, &c., Good-will account, Investments, Due from Boston Yarn Co., Cash, Accounts receivable, &c., Inventory, Unexpired insurance), Liabilities (First preferred 7% cumulative, Second preferred 7% non-cumulative, Common stock, Debentures, Amounts due to—Internat. Cot. Mills, Bay State Cotton Corporation, Accounts payable, &c., Accrued taxes, &c., Depreciation, &c., Surplus), Total.

c Includes bankers' note payable, \$295,000, and accounts payable, \$26,734. d Includes first issue debentures, \$90,000, and Series "B" debentures, \$192,000. y After deducting depreciation, \$50,312.—V. 104, p. 2235.

Central Foundry Co., New York.

(Report for Fiscal Year ending Dec. 31 1916.)

Pres. Waddill Catchings, N. Y. (who was recently succeeded as President by de Courcey Cleveland), on April 5 wrote in substance:

In 1916 the Central Foundry Co. and the Central Iron & Coal Co. earned \$675,710, after making all charges and deductions. Capital expenditures and development work during the year were relatively small, as the work which was done in recent years at the coal mines, ore mines, furnace plant and foundries adequately prepared us for the present active condition.

While there was active demand for all of our products, the demand for Universal pipe exceeded our capacity and is a gratifying indication of the position that this special product occupies among users of gas and water pipe. The company has issued \$574,000 of first pref. stock, which has enabled it to repay the large floating loan negotiated several years ago at the time the Holt plant was constructed. The company is now without floating debt, and by retaining its earnings in the treasury is amply supplied with working capital to meet all the requirements of its business, even on the present basis of greatly enhanced values (V. 103, p. 2430).

The outlook is excellent. The earnings for the first quarter of 1917 have been large. Both the Central Foundry Co. and the Central Iron & Coal Co. have on the one hand substantial orders at very satisfactory prices, and on the other available capacity to be disposed of from time to time in the constantly advancing market. The rehabilitation of the principal properties of the company during the last few years, and the recent issue of first pref. stock places the company on a permanently strong basis, both physically and financially.

CONSOLIDATED INCOME ACCOUNT YEAR ENDED DEC. 31 1916.

Table with 2 columns: Description and Amount. Rows include Total earnings, Less sinking fund and depreciation, Interest on bonds, Net profit for the calendar year 1916, BALANCE SHEETS, Assets, Real estate, machinery, Patents, Investments, Treasury bonds, etc.

BALANCE SHEETS.

Table with 4 columns: Description, Dec. 30 '16, Dec. 31 '15, Dec. 31 '16, Dec. 31 '15. Rows include Common stock, Preferred stock, Int. M. 6% sink. fund, etc.

\*The Central Foundry Co. has contingent liabilities as endorser of notes of Central Iron & Coal Co., \$175,000. b Investments of the Central Foundry Co. (\$1,441,575) include 10,000 shares Central Iron & Coal Co. at par, \$1,000,000; 2,000 shares Central Radiator Co., \$78,000; 100 shares Central Foundry Co. of New Jersey, \$10,000; and \$412,000 1st M. 6s Central Iron & Coal Co. at \$3.319% and accrued interest, \$353,575.

Note.—The balance sheet of Dec. 31 1916 of the Central Foundry Co. of N. J. shows as follows: Assets—Buildings, etc., \$3,651, and current assets, \$18,085; offset by liabilities—Capital stock, \$10,000; Central Foundry Co. current account, \$3,713; depreciation reserve, \$1,500, and profit and loss surplus, \$6,506.—V. 104, p. 2551, 1705.

Hale & Kilburn Co., Philadelphia, Pa.

(6th Annual Report—Year ending Dec. 31 1916.)

President Joseph A. Bower says in substance:

The net shipments of your plant during the fiscal year 1916 aggregated \$3,130,810, upon which net earnings, exclusive of int. charges, amounted to \$384,912. While the showing appears very favorable in comparison with 1915, the period just closed has marked many changes in organization, operating equipment and development of products better suited to the existing facilities and manufacturing conditions than were some of the unprofitable products which have been eliminated. The products at present are steam and electric railway car seats, interior finish for railway cars, enclosed automobile bodies, automobile stampings and parts, woven cane, gas ranges and miscellaneous.

Resulting upon the appraisal of the plant and equipment, and upon losses sustained in the completion of orders undertaken during the previous year, about 73% of the year's earnings were necessarily appropriated for the adjustment of property values, about 21% was applied to interest and miscellaneous charges, and about 6% remained for surplus.

Prospective of the year 1917, your company has on its books unfilled orders aggregating about \$3,250,000, which is in excess of the total shipments made during the year 1916. In addition, it is expected that considerable business will be currently available, so that it is anticipated that the plant should operate at full capacity during most of the ensuing year.

The maturity of the company's coupon notes on April 1 1917, together with the increased volume of business, calls for a readjustment of the company's finances, and your board has appointed a special committee to consider the same.

EARNINGS FOR YEARS ENDED DEC. 31.

Table with 4 columns: Year (1915, 1916), Total net sales, Net earnings, Interest and miscellaneous charges, Adjustment of working assets, per inventory, etc.

Transferred to surplus account for year 1916.....\$23,945

BALANCE SHEET DEC. 31.

Table with 4 columns: Description, 1916, 1915, 1916, 1915. Rows include Plant & equipment, Misc. investments, Pat'ts & goodwill, Inventories, etc.

Total.....10,165,925 9,483,298

—V. 104, p. 1148, 1049.

GENERAL INVESTMENT NEWS

RAILROADS, INCLUDING ELECTRIC ROADS,

Rates.—I. S. C. Commission Postpones Action on Increase.—For article on the action of the Commission denying the advance in rates see "Financial Situation" on a previous page.—V. 104, p. 2453, 1703

Ann Arbor RR.—New Officer.—

E. F. Blomeyer has been elected General Manager, succeeding A. W. Towsley.—V. 103, p. 1880.

Atlanta Birmingham & Atlantic Ry.—Annual Report.—

The annual report for 1916 will be cited at length next week.

Table with 4 columns: Description, 1916, 1915, 1916, 1915. Rows include Cal. Years, Gross earnings, Oper. exp., Taxes, Oper. income, etc.

Gross income, \$725,323 \$342,205 Balance, surplus \$236,899 \$27,575 Atlanta Birm. & Atl. Ry., as successor by purchase under foreclosure sale of the properties of the Atl. Birm. & Atl. RR., Georgia Term. Co. and the Alabama Term. RR. began operations midnight Dec. 31 1915. The year 1915 is shown for the RR. Co. on basis of fixed charge of the Ry. Co.—V. 104, p. 2116, 663.

Baltimore & Ohio RR.—Secured Gold Notes Sold.—

Kuhn, Loeb & Co. and Speyer & Co. sold this week (offering price, 98¼ for average maturities) \$15,000,000 5% Secured Gold notes, \$7,500,000 Series A maturing July 1 1918 and \$7,500,000 Series B maturing July 1 1919. Interest J. & J., coupon notes, denom. \$1,000. Notes of either or both series are redeemable as a whole at par and int., on any int. date, on 30 days' notice.

Collateral Securing Issue Deposited with U. S. Mtge. & Trust Co., Trustee, B. & O. RR. Ref. & Gen. Mtge. 5% gold bonds due 1995, \$10,000,000 Reading Company stock—\$3,000,000 first pref., \$3,000,000 second pref. and \$3,000,000 common, total par value, 9,000,000 With the privilege of substituting additional Refunding & Gen. Mtge. bonds for the Reading Co. stocks. The collateral security must, at all times be equal at market price to not less than 120% of the notes outstanding. Withdrawals of collateral are to be permitted in proportion to the face amount of any notes retired and canceled. The issuance of the notes is subject to the approval of the Maryland Public Service Commission.

Payment of \$650,000 Bonds of Former Pittsburgh & Western Ry.

We are advised that the Pittsburgh & Western Ry. \$650,000 First Consol. Mtge. 4½ bonds of 1887, which mature July 1 1917, will be paid off on that date.—V. 104, p. 2450, 2224.

Bangor & Aroostook RR.—Coupon Payment.—

Coupons on the Consolidated Refunding 4s (\$8,431,000 outstanding) are payable at the offices of Lee, Higginson & Co. in Boston and at the office of Brown Brothers & Co., 59 Wall St., N. Y.—V. 104, p. 1898, 1700.

Boston & Maine RR.—Status of Reorganization Plan.—

Referring to the preliminary plan fully outlined in the "Chronicle" of May 19, p. 2009, the "Boston News Bureau" of June 22 says:

The impression has undoubtedly prevailed that the Boston & Maine reorganization has been temporarily shelved, awaiting more favorable conditions before going ahead with the proposed plan.

The Reorganization Managers and their counsel, however, are working on the contract to put the reorganization in force, provided it is approved finally by stockholders of Boston & Maine and leased lines. A stupendous task is involved in straightening out all those contractual relations in the consolidation of a complicated system like the Boston & Maine, with some 25 directly and indirectly leased lines. It is very improbable that any radical changes will be made in the Boston & Maine plan, as the New Hampshire enabling legislation leaves little leeway for change.

Directors of Boston & Maine and the seven directly leased lines have voted in favor of the plan. In the case of the Concord & Montreal, stockholders voted only to refer the plan to the New Hampshire Legislature. Stockholders of Boston & Maine and leased lines will not vote until the contract embodying the plan is in final form.

The reorganization plan, it will be recalled, proposes to merge the seven directly leased lines into the Boston & Maine by giving new Boston & Maine first preferred stock, of which a total of \$47,873,300 will be issued, in exchange for stocks of the leased roads on a share-for-share basis. The subleased lines remain undisturbed. The plan allows for continuance of corporate existence of the Boston & Maine RR. and any or all of the subsidiary companies so long as for any purpose it may be necessary or desirable. In some cases it may be found expedient to do this.

It is understood that holders of Boston & Maine preferred stock, of which there is but \$3,149,800, recently sought through counsel to have provision made in the plan that they might receive dividends if earned. They claimed that the old stock, which was issued in exchange when Boston & Maine acquired the old Eastern RR., carried such a right. The Boston & Maine directors, however, held that declaration of dividends on the preferred should be entirely within the discretion of directors. It is understood that this point has not yet been settled.

It will probably be some weeks before the contract is in final form. After that it is anticipated that the next step will be for the Federal trustees of New Haven's Boston & Maine stock to apply to the United States Court for the Southern District of New York for instructions as to how to vote the New Haven holdings. This will precede any meeting of Boston & Maine stockholders to vote on the plan, since a vote of two-thirds of the combined common and preferred stock of the Boston & Maine is necessary to put any plan of reorganization through. The New Haven holdings amount to over 52% of the combined preferred and common stock of the Boston & Maine.

The reorganization committee comprises three members from the Boston & Maine, namely, Henry B. Day, Charles S. Cook and Charles P. Hall, and one member each from the Concord & Montreal, Fitchburg, Connecticut River and the Boston & Lowell, a total of seven members.—V. 104, p. 2451, 2116.

Boston Suburban Electric Cos.—Dividend Deferred.—

This company has deferred the dividend on its pref. stock, which is cumulative at the rate of \$4 per year.—V. 103, p. 1209.

Chicago & Eastern Illinois RR.—Interest Payment.—

Receiver William J. Jackson has notified holders of receivers' certificates that he has arranged to pay at Equitable Trust Co., N. Y., July 1 1917, the semi-annual interest then due on \$6,000,000 outstanding receivers' certificates issued by him dated July 1 1916.

As the Court has set July 1 1917 as the date of sale of the railroad property and the receiver is advised that an early reorganization is contemplated, under the management of Kuhn, Loeb & Co., which will make provision for the retirement of the receivers' certificates, no immediate arrangements have been made for the payment of the principal or the extension or renewal of said certificates, which will continue to bear interest at the rate of 6% per annum until paid.—V. 104, p. 2502, 2235.

Chicago Milwaukee & St. Paul Ry.—Listing.—

The N. Y. Stock Exchange on June 27 authorized the listing of \$25,000,000 additional General & Refunding Mtge. 4½% bonds, Series A, due Jan. 1 2014, when and as issued, in exchange for outstanding temporary bonds, making a total listed of \$43,089,000. These additional bonds were placed







1917. The certificates of stock will be issued. Only 6% interest will be allowed on the partial payments. Fractional warrants can be used only in subscribing for full shares. Compare V. 104, p. 2554, 655.

American Hide & Leather Co.—Director—Plan.—C. E. Danforth, of Van Emburgh & Atterbury, has been elected a director to succeed Wm. Stuart Cox, resigned.

Holders of a considerable amount of the stock, we understand, are considering plans for the settlement of the accumulated dividends on the preferences, but no definite statement as to the matter is available at present. See V. 104, p. 1900.

American Malting Co.—Dividend Increased.—A quarterly dividend of 1 1/4% has been declared on the 1st and 2d pref. stocks, payable Aug. 1 to holders of record July 17. In May last 1% was paid on this stock.—V. 104, p. 2344, 1594.

American Shipbuilding Co.—Extra Dividends.—An extra dividend of 3% and a "Red Cross" dividend of 1% has been declared on the common stock in addition to the regular quarterly 1 1/4% on the common stock, all payable July 20 to holders of record July 5.—V. 104, p. 1265.

Androscoggin Mills, Lewiston, Me.—Red Cross Div.—A special "Red Cross" dividend of 1% has been declared on the \$1,000,000 stock (par \$100), in addition to the regular semi-annual 5%, both payable July 2 to holders of record June 22.—V. 84, p. 53.

Bates Manufacturing Co.—Red Cross Distribution.—A "Red Cross" dividend of 1% has been declared on the stock, payable June 30 to stock of record June 22.—V. 91, p. 872.

(E. W.) Bliss Co., New York.—Extra Common Dividend.—An extra dividend of 1 1/4% has been declared on the common stock out of accumulated net earnings, in addition to the regular quarterly 1 1/4% on the common and 2% on the pref. stocks, all payable July 2 to holders of record June 27.—V. 104, p. 1901, 1705.

Bluefields Steamship Co., Ltd.—Decision.—See United Fruit Co. below.—V. 102, p. 1438.

Carbon Steel Co.—Extra Dividends.—Two extra dividends of 2 1/2% each have been declared on the stock, payable Aug. and Nov. 15 to holders of record Aug. and Nov. 10, respectively.—V. 104, p. 2236, 1901.

Central Foundry Co., N. Y.—Listed—Report.—The N. Y. Stock Exchange has authorized:

(1) Immediate listing of \$1,085,000 1st M 6s with authority to add on or before Jan. 1 1914, \$344,000 of said bonds, if and when sold, and (2) the listing of ungraded certificates for \$4,600,000 ordinary pref. non-cumulative stock and \$3,600,000 common stock, when and as exchanged for present outstanding certificates.

Earnings.—For year 1916 and 20 weeks to May 19 1917:

Table with 5 columns: Period, Tot. Inc., Int. Rec'd. Bd. &c., Int. Deprec., Surplus. Rows for Cal. year 1916, 20 weeks 1917, and subject to such excess profits and income tax imposed by Government.

Central & South American Telegraph Co.—Earnings.—For 3 and 6 Mos. ending June 30 (Partly Est.)

Childs (Restaurant) Co.—Red Cross Dividend.—A "Red Cross" dividend of 1/2 of 1% has been declared on the common stock, payable July 9 to holders of record July 5.—V. 104, p. 2236, 865.

Chile Copper Co.—Production and Earnings for Quarter ended March 31.—Pres. Daniel Guggenheim, in a circular, says in substance:

The following shows results of operations of Chile Exploration Co. for the quarter March 31 1917: Production by Quarters (In Lbs.) Total. Ave. Mthly. First quarter 1917, ending March 31: (Jan., 7,756,737; Feb., 6,056,024; Mar., 8,713,035) 22,525,796 7,508,599

Financial Results of the Operations for the Two Quarters. Income—1st Qu.'17, 4th Qu.'16. Deduct—1st Qu.'17, 4th Qu.'16

Consolidation Coal Co. of Maryland.—Stock.—This company's outstanding stock is now \$35,121,304, including \$5,970 in 5% scrip and \$233 in 6% scrip.

Continental Can Co.—New Chicago Plant.—It is announced in Chicago that this company has purchased for \$100,000, a tract of 20 acres in the Industrial Clearing District upon which will be erected a modern four-story mill and reinforced concrete factory building containing about 1,000,000 sq. ft. of floor space.

Continental Paper Bag Co.—Extra Dividends.—In addition to a dividend of 6% on the common stock, payable out of earnings and surplus Oct. 1 1916 to holders of record June 30, the company has declared extra dividends of 1 1/2% each on the common and pref. stocks out of earnings and surplus of 1917, payable Nov. 1 to holders of record June 30.—V. 104, p. 455.

Cramp (Wm.) & Sons Ship & Engine Building Co.—Notes Extended.—Balance Sheet of April 30.—

This company, which a year ago sold an issue of \$1,500,000 one-year 5% collateral notes with privilege of renewal, has renewed the issue for six months. For details see V. 103, p. 83.

Balance Sheet of April 30. Assets: Real estate, machinery, etc.; Bills and accounts receivable; Materials & supp.; Cash; Deferred assets. Liabilities: Capital stock; Bds., notes & mtgs.; Bills payable; Mdse. not due; Wages due May; Accrued interest; Profit and loss.

Curtiss Aeroplane & Motor Corp.—New Common Stock Offering to Stockholders at \$35 a Share.—Mr. Willys a Voting Trustee—Plans—Regular Dividend.—Vice-Pres. C. M. Keys has favored the "Chronicle" with the following authoritative data as to official action taken on June 27:

New Stock.—The directors and voting trustees authorized the issue of 63,000 additional shares of common stock, having no par value.

Voting Trust.—New Director.—Mr. J. N. Willys of Toledo was elected a voting trustee to succeed Mr. James Imbrie, resigned, and Mr. James E. Kepperly, Vice-President of the Willys-Overland Co., was elected a director to succeed C. G. Meyer, resigned.

Plans.—Plans were discussed for the expansion of the plant and the establishment of the best possible experimental plant, under the personal charge and direction of Mr. Curtiss. Mr. Curtiss stated that he is hurrying the designs of a new fighting aeroplane to develop a speed of 150 miles per hour.

Dividend.—The regular semi-annual dividend of 3 1/2% was declared on the preferred stock, payable July 16 to stockholders of record of July 2. The company has filed a certificate at Albany increasing the authorized amount of its "declared capital" from \$6,750,000, represented by \$8,000,000 7% cum. pref. stock in \$100 shares and 150,000 common shares of no par value, to \$7,615,000, this last amount to be represented by the \$6,000,000 pref. stock and 303,000 shares of common of no par value.

Detroit Iron & Steel Co.—Dividends.—Stock Increase.—A cash dividend of 10% has been declared on the common stock, payable 2 1/2% quarterly beginning July 15.

Eastman Kodak Co., Rochester, N. Y.—Extra Div.—An extra dividend of 5% has been declared on the common stock, payable Sept. 1 to holders of record July 31. The regular quarterly dividends of 1 1/2% on the pref. and 2 1/4% on the common have been declared, payable Oct. 1 to holders of record Aug. 31.—V. 104, p. 2115, 1492.

Federal Sugar Refining Co., N. Y.—Annual Meeting.—New Directors—Right of Stockholders to Subscribe for Stock of Mackay Interest—Earnings, &c.—At the postponed annual meeting held June 26 the following directors, representing the old management, were elected by a vote of 90,590 shares.

Ernest A. Bigelow, Lewis L. Clarke, Abner H. Platt, Pierre J. Smith, Claus A. Spreckels, Alvin W. Kreech and Rudolph Spreckels. Referring to the purchase of the stock held by the Mackay interests, supposed to aggregate about \$2,500,000 (V. 104, p. 2555), Pres. Spreckels is quoted as saying in substance: "Prior to the annual meeting called for June 18 I was certain of 48,700 shares by proxy, and 4,000 more shares were promised to me at the meeting. Then the opposition offered to buy my stock at \$100 per share or sell me theirs at \$90 per share. I decided to accept their offer. A syndicate has underwritten the stock and it will be offered to stockholders in the near future."

The arrangement by which Smith, Shipper & Co., sugar brokers, buy raw sugar for the Federal company and sell the refined product Pres. Spreckels described as having been very helpful to the Federal Co. in its early days and to dispense with it he felt would be unwise and unjust. His 10% interest in this firm cost him about \$25,000 and for some years the brokers made about \$50,000 per annum. He proposes to sever his connection with the firm in view of the criticism caused by it.

The financial statement presented at the meeting compares as follows:

Income Account for Years ending May 26 1917 and May 29 1916. Years ending—May 26 '17, May 29 '16. Profit, Interest, Income tax, &c.

On June 15 1917 a quarterly dividend of 1 1/4% was paid on the \$6,677,200 common stock. This is the first payment on this stock since Oct. 1913, when 1 1/4% was paid. V. 104, p. 2237.

Balance Sheet May 26 1917 and July 29 1911. Assets: Plant property, machinery, etc.; Cash; Acc'ts receiv., &c.; Sugar, raw, ref'd & in process, &c. Liabilities: Common stock; Preferred stock; Notes due 1920; Acc'ts payable, &c.; Bills payable; Raw sugar drafts; Surplus.

General Cigar Co., Inc., N. Y.—Officer—Director.—Alfred Esberg, First Vice-President, will retire from that office Aug. 1, but will continue as a director.—V. 104, p. 1148, 866.

General Gas & Electric Co., New York City.—Coal Shortage and Other Exceptional Conditions Pending Advance in Rates Cause Directors to Defer Payment of Cumulative Preferred Dividend.—In a circular addressed to the holders of the cumulative preferred stock President W. S. Barstow, as of June 21, says in substance:

Our subsidiary companies in common with the majority of public utility companies have experienced an unprecedented coal situation. Notwithstanding coal contracts with responsible operators, the congested freight transportation and labor difficulties at the mine early in the year compelled the purchase of a large amount of "spot" coal at high prices made necessary to meet daily requirements.









BALANCE SHEET, DECEMBER 31, 1916

ASSETS.

Capital Assets—		
Plants and Properties	.....	\$132,940,105 89
Discount and Expenses on Capital Stock Issued	.....	3,918,343 92
Investments	.....	13,967 54
Trustees of Sinking Funds—		
Cash	.....	\$48,899 81
Interest Accrued on Bonds held in Sinking Funds	.....	52,429 19
		101,329 00
Deferred Charges—		
Discount and Expenses on General and Refunding Bonds	.....	\$4,330,150 07
Unexpired Taxes and Undistributed Suspense Items	.....	468,548 77
		4,798,698 84
Current Assets—		
Materials and Supplies on hand and in transit	.....	\$1,620,252 09
Advances to and Securities of Oro Electric Corporation and Subsidiary Companies	.....	1,798,970 82
Installments receivable from Subscribers to First Preferred Stock	.....	60,925 85
Bills Receivable	.....	\$264,801 43
Accounts Receivable	.....	2,053,647 08
		\$2,318,448 51
Less—Reserve for Bad Debts	.....	132,239 82
		2,186,208 69
Cash	.....	2,481,394 01
		8,147,751 46
Treasury Bonds subject to sale, not included in Assets or Liabilities:		
General and Refunding Bonds	.....	*\$1,000,000 00
Bonds of Subsidiary Companies	.....	80,500 00
		\$1,080,500 00
*\$875,000 00 General and Refunding Bonds pledged in San Francisco Rate Cases.		
		\$149,920,196 65

LIABILITIES.

Capital Stock of Pacific Gas & Electric Company—		
Common:		
Issued	.....	\$65,732,724 66
Less—Owned by Subsidiary Companies	.....	31,696,866 66
		\$34,035,858 00
First Preferred	.....	23,649,130 00
Original Preferred	.....	302,800 00
		\$57,987,788 00
Capital Stock of Subsidiary Companies not held by the Pacific Gas & Electric Company, and Unpaid Dividends thereon		27,977 58
Funded Debt—		
Pacific Gas & Electric Company—General and Refunding 5% Bonds	.....	\$29,982,000 00
Bonds of Subsidiary Companies	.....	47,214,800 00
		77,196,800 00
Current Liabilities—		
Accounts Payable and Unaudited Bills	.....	\$1,084,913 73
Drafts Outstanding	.....	312,881 52
Meter and Line Deposits	.....	356,960 53
Unpaid Coupons and Dividends	.....	61,408 83
Interest Accrued but not due	.....	1,288,111 06
Taxes Accrued but not due	.....	480,538 43
Dividends Declared	.....	427,374 95
		4,012,098 10
Reserves—		
Depreciation	.....	\$9,413,471 84
Deduct—Replacements and Loss on Property Sold or Abandoned:		
At January 1 1916	.....	\$5,390,623 83
Charged during year	.....	1,019,950 40
		6,410,574 23
Insurance and Casualty Funds	.....	\$3,002,897 61
Reserve for amounts charged during 1913, 1914, 1915 and 1916 to Consumers in excess of Rates allowed by City Ordinances	.....	87,590 29
		1,565,931 34
		4,656,419 24
Surplus—		
Invested in Sinking Funds	.....	\$1,886,312 66
Balance Unappropriated	.....	4,152,801 07
		6,039,113 73
		\$149,920,196 65

We have audited the books of the Pacific Gas & Electric Company for the year ending December 31 1916, and certify that in our opinion the above Balance Sheet is properly drawn up so as to show the true financial position of the Company at December 31 1916. (Signed) PRICE, WATERHOUSE & CO.

San Francisco, Cal., March 23 1917.

NOTES ON BALANCE SHEET.

PLANTS AND PROPERTIES.

This account, at the close of the previous fiscal year, stood at	.....	\$129,281,360 00
Gross Expenditures for additions, betterments and improvements during the year 1916 amounted to	.....	\$4,678,696 29
Of which there was charged to Operating Expenses through the medium of Depreciation Reserve	.....	1,019,950 40
Leaving balance carried to "Plants and Properties Account"	.....	3,658,745 89
The total of which at December 31 1916 stood at	.....	\$132,940,105 89

The Company's expenditures for the construction and acquisition of additional property during the past eleven years since its incorporation, have aggregated \$60,152,910 42. The following table accounts for these expenditures by years:

Year—	Construction.	Other Properties Acquired.	Total.
1906	\$3,860,243 84	\$13,820,125 00	\$17,680,368 84
1907	3,674,474 69	47,861 17	3,722,335 86
1908	2,099,996 91	—	2,099,996 91
1909	1,746,705 64	90,632 46	1,837,338 10
1910	2,879,158 45	593,766 29	3,472,924 74
1911	2,248,521 31	4,768,949 31	7,017,470 62
1912	7,495,763 69	404,285 15	7,900,048 84
1913	7,406,415 30	389,208 36	7,795,624 16
1914	2,733,949 35	4,181 50	2,738,130 85
1915	2,089,447 17	120,478 44	2,209,925 61
1916	3,678,745 89	—	\$3,678,745 89
Total	\$39,913,422 74	\$20,239,487 98	\$60,152,910 42

\*Charged to "Plants and Properties" \$3,658,745 89 (as shown above) and to "Investment in System Corporations" \$20,000 00.

Pursuant to contract entered into on Jan. 15 1916 with the Oro Electric Corporation, the purchase of the public utility properties of the latter company was practically consummated during the year, although title was not formally passed until March 17 1917, following final authority of the Railroad Commission of the State of California granted March 7 1917. The newly acquired properties consist of a gas generating and distributing plant in the City of Oroville, two hydro-electric plants with appurtenant transmission lines and distribution systems centered mainly around Oroville and Stockton, and domestic water supply and irrigation systems supplying Oroville and vicinity; also

undeveloped hydro-electric power properties in Tehama and Plumas Counties which will form a large and valuable addition to this Company's reserve water power resources to be developed in future as its needs may require. The Oro Electric Corporation, up to the date of its acquisition and for a number of years prior thereto, had been a large purchaser of power from this Company. Its business field and area of operations being contiguous to and to some extent actually overlapping that of this Company, the consolidation of the two properties was a logical development and will result in substantial economies. The merger will also permit of the more economical and efficient use, for power and irrigation purposes, of the water resources of the two companies. The lines of the Oro Company reach important gold dredging fields and agricultural territory in which it is believed a satisfactory amount of new business may be developed.

Following are the chief financial facts of the transaction:

Cash cost of the acquired physical properties as of October 1 1915, fifty per cent of which represents recent construction:	
Operative properties	\$2,195,535
Undeveloped hydro-electric properties	1,346,352
	\$3,541,887
Value of physical property at October 1 1915, as appraised by engineers:	
Reproduction value of physical properties	\$3,303,159
Reproduction value of physical properties less accrued depreciation	3,019,364
Cost of property to this company, subject to minor adjustments	1,500,000
Net income of acquired properties in 1916	104,605
Estimated net income, allowing for economies resulting from consolidation	150,000

The cost of the Oro properties at Dec. 31 1915 is not included in the above statement of construction during 1916, but is carried on the balance sheet in the item "Advances to and securities of Oro Electric Corporation and subsidiary companies."

FUNDED DEBT.

Bonds outstanding in the hands of the public increased \$1,024,000.

The entire issue of \$1,000,000 par value of Oakland Gas, Light and Heat Company 5% Bonds matured on March 16 1916. Through the operation of sinking funds \$40,000 of the issue had been retired before maturity, and the balance, amounting to \$560,000, was paid at maturity from



working funds temporarily advanced for that purpose. On Oct. 4 1916 the Railroad Commission in its Order No. 3762 authorized the issuance and sale of General and Refunding Mortgage 5% Bonds to reimburse the treasury for this advance.

In January 1916 sale was made of \$1,900,000 par value

of General and Refunding Mortgage 5% Bonds which had been issued against new construction.

The following statement shows the company's funded debt outstanding in the hands of the public at Dec. 31 1916 and the changes that have taken place in the various issues during the year:

ISSUES.	Rate.	Due Date.	Outstanding Dec. 31 1916.	Outstanding Dec. 31 1915.	Increase.	Decrease.
P. G. & E. Co. General Refunding	5%	Jan. 1 1942	\$29,982,000	\$28,082,000	\$1,900,000	-----
C. G. & E. Corp. Unifying and Refunding	5%	Nov. 1 1937	19,748,000	19,698,000	50,000	-----
C. G. & E. Corp. Gen. Mtge. & Coll. Trust	5%	Mar. 1 1933	4,517,000	4,517,000	-----	-----
Bay Co.'s Power Co. 1st Cons. Mortgage	5%	Sept. 1 1930	1,308,000	1,308,000	-----	-----
Bay Co.'s Power Co. 2nd Mortgage	6%	April 1 1931	682,000	682,000	-----	-----
Nevada Co. Electric Power Co.	6%	Oct. 1 1928	171,000	171,000	-----	-----
Yuba Electric Power Co.	6%	June 1 1929	179,000	186,000	-----	7,000
Valley Counties Power Co. 1st Mortgage	5%	May 1 1930	1,938,000	1,938,000	-----	-----
Cal. Central Gas & Electric Co.	5%	Aug. 1 1931	727,000	-----	-----	2,000
Oakland Gas, Light & Heat Co.	5%	Mar. 16 1916	-----	688,000	-----	688,000
Sacramento Electric Gas & Ry. Co.	5%	Nov. 1 1927	2,149,000	2,149,000	-----	-----
Central Electric Ry. Co.	6%	Serially 1912-22	139,000	165,000	-----	26,000
Blue Lakes Water Co.	6%	Mar. 15 1938	73,000	713,000	-----	-----
United Gas & Electric Co.	6%	July 1 1932	1,545,000	1,545,000	-----	-----
South Yuba Water Co. Cons. Mortgage	6%	July 1 1923	1,495,000	1,495,000	-----	-----
Standard Electric Co. of California	5%	Sept. 1 1939	2,137,300	2,235,300	-----	98,000
Suburban Light & Power Co.	6%	Aug. 1 1938	222,500	224,000	-----	1,500
Livermore Water & Power Co.	6%	Sept. 1 1922	23,500	29,500	-----	6,000
San Francisco Gas & Electric Co.	4 1/2%	Nov. 1 1933	7,019,000	7,085,000	-----	66,000
Pacific Gas Improvement Co.	4%	Sept. 1 1930	509,000	517,000	-----	8,000
Edison Light & Power Co.	6%	Nov. 3 1921	623,000	623,000	-----	-----
Mutual Electric Light Co.	5%	June 1 1934	183,000	188,000	-----	5,000
Metropolitan Gas Corporation	5%	Dec. 1 1941	1,186,500	1,295,000	-----	18,500
<b>Total Bonds</b>			<b>\$77,196,800</b>	<b>\$76,172,800</b>	<b>\$1,024,000</b>	

The subjoined table brings out clearly the strong and constantly improving position of this Company's bonds. It will be noted that while the value of the property securing these bonds was increased by \$16,422,425 during the four years ended Dec. 31 1916, due to construction of plant additions and the acquisition of other properties, the total par value of bonds of all issues outstanding in the hands of the public increased during the same period by only \$1,298,000. In other words, for every dollar of increase in bonds, additional property of the value of \$12 65 was added

and the increased equity of \$15,124,425 is equivalent to 20% of the total funded debt.

In addition to adding \$16,422,425 to the value of its permanent plant, the Company during the same period also increased its net working assets by more than four million dollars. As compared with an increase of \$67,025 in annual interest charges, gross earnings during the four years increased \$4,380,733 and net earnings \$3,253,411. This increase in net earnings is equivalent to \$4.6% of the total annual interest in 1916.

Year.	Bonds Outstanding December 31.	Cost of Plant Additions.	Gross Earnings all Sources.	Net Earnings before Depreciation.	Annual Interest on all Bonds Outstanding December 31.	Per Cent of Gross Required for Bond Interest.	Per Cent of Net Required for Bond Interest.
1912	\$75,898,800	-----	\$14,744,651	\$6,313,090	\$3,795,110	25.7%	60.1%
1913	75,485,800	\$7,795,624	16,202,337	6,871,130	3,776,315	23.4%	55.0%
1914	75,056,300	2,738,130	17,320,503	8,306,582	3,754,900	21.8%	45.2%
1915	76,172,800	2,209,925	18,944,180	9,738,587	3,810,930	20.1%	39.1%
1916	77,196,800	3,678,746	19,125,384	9,566,501	3,862,135	20.1%	40.3%
<b>Increase</b>	<b>\$1,298,000</b>	<b>\$16,422,425</b>	<b>\$4,380,733</b>	<b>\$3,253,411</b>	<b>\$67,025</b>		

CAPITAL STOCK.

Changes in the amount of capital stock outstanding in the hands of the public were as follows:

	December 31 1916.	December 31 1915.	+ Increase, - Decrease.
First Preferred Stock—6%			
Cumulative	\$23,649,130	\$12,586,400	+\$11,062,730
Original Preferred Stock—6%			
Cumulative	302,800	10,000,000	—9,697,200
Common Stock	34,035,858	34,035,858	-----
	<b>\$57,987,788</b>	<b>\$56,622,258</b>	<b>+\$1,365,530</b>

\*Includes stock subscribed for but not fully paid.

The increase of \$11,062,730 in the amount of first preferred stock outstanding was brought about to the extent of \$9,939,630 by the exchange of old preferred stock for the new issue, at the rate of 1.025 shares of the first preferred for each share of the old preferred, as outlined in letter to stockholders, dated June 3 1914, and to the extent of \$1,123,100 by additional sales of treasury stock. The time for these exchanges having expired on Dec. 31 1916, a further extension to June 30 1917 was authorized by the Railroad Commission.

The Company has continued its policy of selling its first preferred stock, either for cash or on a convenient installment basis, directly to its customers and employees. This stock is now recognized as one of the standard investment issues, particularly in the California market, to which it is especially adapted owing to its freedom from local taxation, besides its immunity from the normal Federal income tax. This stock is now well distributed, there being comparatively few single holdings of large amounts, and the bulk of it is being held for permanent investment. The par value sold during 1916 was \$1,123,100, for which an average of \$91 92 per share was realized as compared with the initial offering price in 1914 of \$82 50 per share.

FIRST PREFERRED STOCK SALES DURING 1916.

Month—	Number of Sales.	Par Value of Stock Sold.
January	131	\$215,700 00
February	99	162,500 00
March	125	422,600 00
April	35	25,000 00
May	1	1,300 00
June	1	100 00
July	1	300 00
August	2	1,300 00
September	25	45,500 00
October	59	75,900 00
November	39	41,600 00
December	98	131,300 00
<b>Total</b>	<b>617</b>	<b>\$1,123,100 00</b>

The geographical distribution of the Company's share capital as of Dec. 31 1916 (eliminating duplications, but including all First Preferred Stock issued and subscribed for) was as follows:

Division—	Number of Holders.	Shares.	Par Value.
Pacific Coast:			
California	4,713	279,467.42	\$27,946,742 00
Outside of California	110	9,664.11	966,411 00
Middle States	573	37,990.707	3,799,707 00
Eastern Coast	2,171	216,754.19	21,675,410 00
Foreign	313	39,085.09	3,908,500 00
<b>Total</b>	<b>7,880</b>	<b>579,877.88</b>	<b>\$57,987,788 00</b>

\*Of these 2,719 were women.

CURRENT ASSETS AND LIABILITIES.

Net working assets at Dec. 31 1916, computed on the basis of the excess of current assets over current liabilities, were \$7,087,039, against which there was a contingent liability of \$1,565,931 representing revenues involved in pending rate litigation, as against a similar contingent liability at the close of the preceding year of \$1,214,383. The decrease in cash is accounted for by expenditures for construction and investment in the public utility properties of the Oro Electric Corporation, for which the treasury at the close of the year had not yet been reimbursed through the sale of securities. Details of current assets and current liabilities and changes in the various items are shown in the following tabulation:

CURRENT ASSETS.			
Items—	Dec. 31 1916.	Dec. 31 1915.	+Increase -Decrease.
Materials and Supplies	\$1,620,252	\$1,419,442	+\$200,810
Bills and Accounts Receivable (Less Reserve for Uncollectible Accounts)	2,186,209	2,029,281	+156,928
Due on First Preferred Stock Subscription	60,926	112,522	—51,596
Underlying Bonds bought in advance for Sinking Funds	80,500	541,000	—460,500
Advances and Securities of Oro Electric Corporation	1,799,971	-----	+1,799,971
General & Refunding 5% Bonds issued against Construction	1,000,000	1,000,000	-----
Cash	2,481,394	4,254,303	—1,772,909
Advances to Construction Account	1,570,886	446,983	+1,423,903
<b>Total Assets</b>	<b>\$11,099,138</b>	<b>\$9,803,531</b>	<b>+\$1,295,607</b>
CURRENT LIABILITIES			
Items—	Dec. 31 1916.	Dec. 31 1915.	+Increase -Decrease.
Accounts Payable	\$1,084,914	\$920,482	+\$164,432
Drafts Outstanding	312,882	295,120	+17,762
Meter and Line Deposits	356,970	501,392	—144,422
Unpaid Coupons and Dividends	61,409	66,184	—4,775
Interest Accrued but not due	1,288,111	1,251,329	+36,782
Taxes Accrued but not due	480,538	432,259	+48,279
Dividends Declared and Unpaid	427,275	-----	+427,275
<b>Total Liabilities</b>	<b>\$4,012,099</b>	<b>\$3,466,766</b>	<b>+\$545,333</b>
<b>Net Working Assets</b>	<b>\$7,087,039</b>	<b>\$6,336,765</b>	<b>+\$750,274</b>

MEANS OF FUTURE FINANCING.

In the eleven years of its corporate existence this Company, directly and through its bankers, has sold for cash

securities of the aggregate par value of \$83,444,500. Of the proceeds, aggregating \$73,261,072, the major portion has been expended for the enlargement and improvement of the Company's facilities, and the remainder for the payment or refunding of capital obligations. These figures are the best indication of the future capital needs of the Company, as its business will undoubtedly continue to expand in a ratio commensurate with the growth and development of the population and industries in the territory served by it. They also serve to emphasize the value of having a broad and comprehensive financial plan, adequate for a number of years, under which new capital may be obtained in proper proportions, from the sale of both stocks and bonds without the necessity for the creation and introduction to the investing public of new and progressively weaker forms of security—always an uncertain and costly procedure. To meet its future needs for new capital the Company will have available, when and as required, and when and as authorized by the Railroad Commission, the following securities issuable only for extensions, additions, betterments, improvements and the refunding of existing obligations, as specified in the Public Utilities Act of California and in accordance with the restrictions imposed under its General and Refunding Mortgage with respect to future bond issues.

*General and Refunding 5% Bonds—*

Reserved for retirement of all underlying bonds issues	\$47,214,800
Reserved for additions, betterments and improvements at 90% of cost	70,988,200
In Treasury, available for general corporate purposes	1,000,000
Outstanding in hands of public	\$119,203,000
Canceled through operation of sinking funds	20,982,000
Canceled through operation of sinking funds	\$15,000
Total authorized issue	\$150,000,000

*First Preferred 6% Stock—*

Reserved for exchange for original preferred stock	\$310,370
Reserved for additions, betterments, improvements, etc.	26,040,500
Outstanding in hands of public	\$26,350,870
	23,649,130
Total authorized issue	\$50,000,000
Common Stock (Including stock owned by subsidiary companies)	
Available for future corporate purposes	\$65,964,142
Outstanding in hands of public	34,035,858
Total authorized issue	\$100,000,000

## SINKING FUNDS.

Assets of sinking funds, represented by alive and canceled bonds and uninvested cash at Dec. 31 1916, compared with assets held at the same date of the preceding year, were as follows:

	Bonds, Par Value.	Cash and Accrued Interest.	Total.
December 31 1916	\$9,633,190 00	\$95,994 75	\$9,729,184 75
December 31 1915	8,860,690 00	66,043 54	8,926,733 54
Increase	\$772,500 00	\$29,951 21	\$802,451 21

The following tables present the facts indicated with respect to the sinking funds of this Company from the inception of the earliest in 1901 down to Dec. 31 1916, at which latter date no matured sinking fund obligation remained unsatisfied:

*First.*—Statement showing with respect to the \$9,633,190 par value of bonds held in sinking funds, the description of the bonds retired, amount of cash issue retired, the cash cost, aggregating \$9,355,905 05, and the annual interest saving to the company by reason of these bond retirements, amounting to \$478,764 50.

*Second.*—Statement showing derivation of funds for the retirement of the \$9,633,190 of bonds now held in sinking funds, expressed in par value of the bonds, as follows:

From bond sales or exchanges	\$493,000 00
From proceeds of common stock sales	1,011,200 00
From surplus profits	8,098,990 00
Total	\$9,633,190 00

## SINKING FUND ASSETS DECEMBER 31 1916, SEGREGATED ACCORDING TO SECURITIES HELD.

DESCRIPTION OF BONDS IN SINKING FUNDS.	Par Value of Bonds Held.	Cash Cost of Bonds Held.	Annual Int. Saving to Company by Reason of Bond Retirements.	
Pacific Gas & Electric Co. General & Refunding	5%	\$815,000	\$780,998 30	\$40,750 00
Pacific Gas & Electric Co. Debentures (1905)	6%	400,000	400,000 00	24,000 00
Pacific Gas & Electric Co. Gen. Mtg. & Col. Tr.	5%	1,697,490	1,528,421 85	\$24,874 50
California Gas & Electric Corp. U. & R.	5%	714,000	675,223 05	35,700 00
California Gas & Elec. Corp. Gen. Mtg. & Col. Tr.	5%	901,000	931,212 61	49,550 00
Bay Counties Power Co. 1st Mortgage	5%	585,000	594,281 40	29,250 00
Bay Counties Power Co. 2nd Mortgage	6%	68,000	71,020 00	4,080 00
Valley Counties Power Co.	5%	562,000	566,540 00	28,100 00
California Central Gas & Electric Co.	5%	271,000	278,442 50	13,550 00
Sacramento Electric, Gas & Ry. Co.	5%	211,000	213,799 75	10,550 00
Stockton Water Co.	6%	112,000	117,605 55	6,720 00
United Gas & Electric Co.	5%	455,000	453,228 74	22,750 00
San Francisco Gas & Electric Co.	4%	1,233,000	1,266,322 75	55,485 00
Pacific Gas Improvement Co.	6%	420,000	391,139 00	16,800 00
Livermore Water & Power Co.	5%	75,500	77,437 50	4,590 00
Mutual Electric Light Co.	6%	67,000	64,715 00	3,350 00
Blue Lakes Water Co.	6%	12,000	11,427 50	720 00
South Yuba Water Co.	6%	5,000	5,062 50	300 00
Metropolitan Gas Corporation	5%	163,000	153,341 25	\$1,150 00
Suburban Light & Power Co.	6%	27,500	27,500 00	1,650 00
Fresno Gas & Electric Co.	6%	46,000	53,233 30	2,760 00
Oakland Gas Light & Heat Co.	5%	440,000	440,000 00	22,000 00
Standard Electric Co. of California	5%	261,700	254,952 50	13,085 00
		\$9,633,190	\$9,355,905 05	\$478,764 50
Less Annual Interest on Bonds Issued in lieu of Bonds retired				13,480 00
Total		\$9,633,190	\$9,355,905 05	\$465,284 50

## BONDS RETIRED IN SINKING FUNDS TO DEC. 31 1916, AND MEANS BY WHICH RETIREMENTS WERE EFFECTED.

Year.	Par Value Bonds Retired.	Means by Which Retirements Were Effected. (Expressed in Par Value Bonds).		
		Exchanged for Other Bonds.	Common Stock Money.	Surplus Profits.
1901	\$20,000	\$20,000		
1902	45,000	20,000		\$25,000
1903	43,000	20,000		23,000
1904	202,000	21,000		181,000
1905	164,000			164,000
1906	736,000	20,000		716,000
1907	440,000			440,000
1908	756,245	21,000		735,245
1909	977,160	171,000		806,160
1910	825,000	89,000		736,000
1911	875,085	111,000		764,085
1912	1,015,200		\$998,200	17,000
1913	514,000		43,000	471,000
1914	378,500			378,500
1915	1,869,500			1,869,500
1916	772,500			772,500
Total	\$9,633,190	\$493,000	\$1,041,200	\$8,098,990

*Note.*—Bonds retired in Sinking Funds are not included in Funded Debt shown on Balance Sheet on a previous page. All underlying bond issues are closed to future sales or exchanges for sinking fund purposes.

## PHYSICAL AND OPERATING STATISTICS.

## ELECTRIC GENERATING STATISTICS

Year—	Hydro-Electric Plants.		Steam-Electric Plants.		All Generating Plants.		System Load Factor for Year.	Peak Demand on System in H. P.
	No.	Installation in H. P. No.	No.	Installation in H. P. No.	No.	Installation in H. P. No.		
1911	11	92,973	4	58,266	15	151,239	57.4	141,469
1912	9	90,227	4	94,100	13	184,327	58.6	145,000
1913	10	123,740	4	110,188	14	233,928	59.0	160,819
1914	10	121,039	4	109,517	14	230,576	60.6	166,273
1915	10	132,400	4	109,517	14	231,917	59.4	187,051
1916	11	155,027	3	106,568	14	261,595	62.0	189,019

During the year the installed capacity of electric plants has been materially increased by the addition of power houses Nos. 4 and 5, known as the N. W. Halsey and James H. Wise plants respectively, located on the South Yuba system. These plants have a combined installed capacity of approximately 33,500 horse-power, or about the capacity

of the present Drum Power House installation, the water from which operates the two new plants. In connection with these new plants there has been built and placed in operation a new 100,000 volt steel tower transmission line identical in construction with the Drum-Cordelia-San Francisco line already built and in operation. The new line connects the Halsey and Wise plants with the Drum line and also with the Electra Standard line east of Stockton.

This work is in accordance with the general plan outlined in the Annual Report for the year 1913. The Company now has in contemplation the construction of a fourth plant on the same system with an approximate initial capacity of 35,000 h. p. Preliminary surveys for this installation are now being carried out.

Notable among the other construction projects carried out during the year was the work of increasing the height of Spaulding Dam by 35 feet, bringing it to a total height of 260 feet, and increasing the impounding capacity of Lake Spaulding by 50% to a present capacity of 61,100 acre feet. This work represents a further step in the development program of the South Yuba-Bear River System and the additional water supply not only affords increased facilities for power development throughout the South Yuba-Bear River System, but will increase the average available output during the short water season.

## ELECTRIC DISTRIBUTION STATISTICS.

Year—	Miles of High Tension Transmission Lines.	Number of Sub-stations.	Miles of Over-head Distribution Lines.	Miles of Under-ground Distribution Lines.	Number of Street Lamps Arcs.	Number of Street Lamps Incandescent's.	Total Connected Load on System in H. P.
1911	1,319	105	2,233	65.8	6,119	10,191	308,041
1912	1,371	139	2,815	67.0	6,052	12,122	369,675
1913	1,531	146	3,484	74.9	6,721	21,321	425,783
1914	1,534	140	3,685	81.4	6,545	27,460	478,598
1915	1,544	146	3,836	82.7	6,001	33,978	525,541
1916	1,620	150	4,030	88.6	5,171	35,070	599,343

There was an increase during the year of 283 miles of lines in the transmission and distribution systems, the aggregate mileage in operation at the close of the year being 5,739.

The connected load in motors, appliances and lamps on the system increased to 599,343 horse power, this load being 73,802 horse power of 14% greater than in the preceding year. The decrease in the number of arc lights used for street lighting and the increase in the number of incandescent lights used for this purpose represents the further transition from one form of lighting to another, the amount of gross revenue during the year from street lighting having, as a matter of fact, increased by \$27,947 35, as compared with the preceding year.

The Company was called upon to supply with electrical energy San Francisco's new "Path of Gold" lighting system on Market Street, the system setting a new standard of excellence in street illumination and presenting an impressively artistic design of lighting unit. For the purpose of supplying this energy it was necessary to install over 60,000 feet of underground cable and twelve 75 light arc transformers.

STEAM ELECTRIC STATIONS.

Year—	K. W. Hours Generated	Fuel Oil Used Barrels.	K. W. Hours per Barrel.
1911	108,157,064	579,433	186.66
1912	100,749,286	529,193	190.38
1913	163,886,492	809,700	202.40
1914	101,639,560	549,451	184.98
1915	166,916,794	786,073	212.34
1916	163,130,488	715,954	218.69

Largely due to the cessation of the demand for electrical energy by the Panama-Pacific International Exposition there was a decrease of 3,786,306 kilowatt hours, or a little over 2%, in the amount of current generated by steam. The efficiency of steam plants, measured by the kilowatt hours of energy per barrel of oil, showed a further increase during the year and marks the best performance so far attained.

GAS DEPARTMENT STATISTICS.

Year.	No. of Gas Plants.	Total Daily Capacity of Generators, Cubic Ft.	Miles of Gas Mains.	No. of Gas Sertices Laid.	No. Gas Street Lamps	Cubic Feet Sold.
1911	16	34,680,000	1,917.71	171,934	8,342	5,751,000,000
1912	17	43,130,000	2,201.00	168,486	8,442	6,691,000,000
1913	17	43,130,000	2,374.18	182,914	8,924	7,430,000,000
1914	17	43,130,000	2,516.25	183,059	9,939	7,648,000,000
1915	16	54,220,000	2,645.62	190,354	10,102	8,326,000,000
1916	16	54,400,000	2,779.27	196,818	10,128	8,174,000,000

The gas distribution system includes 2,779 miles of mains, an increase of 134 miles during the year, also there were at the end of the year 196,818 services and 245,829 meters.

8,174,000,000 cubic feet of gas were sold in 1916, compared with 8,326,000,000 in 1915 and 7,648,000,000 in 1914, the 1915 figure including 137,406,800 cubic feet sold to the Panama-Pacific International Exposition. The past year's sales show an increase of 11½% over 1914.

Many improvements have been made during the year. To the San Jose plant has been added a new oil gas generator of 2,000,000 cubic feet per day capacity, similar to recent installations in Oakland and San Francisco and of the new improved process, the basic patents for which the Company controls within the territory covered by its operations.

The Santa Rosa generating plant has been extensively changed and placed in first-class condition. The 4-inch welded line through which the plant supplies gas to the city of Petaluma seventeen miles away has been completed, replacing a 2-inch line and greatly improving operating conditions.

SACRAMENTO STREET RAILWAY SYSTEM.

Year—	Miles of Street Railway Track.	Cars Owned.	Total Passengers Carried.	Car Mileage.	Car Hours.	Average Passengers per Day.	Gross Revenue.
1911	38.9	62	11,464,696	2,279,998	293,107	31,410	533,520
1912	40.0	62	11,926,098	2,301,342	276,438	32,674	547,187
1913	42.0	60	12,508,744	2,469,745	301,930	34,270	572,913
1914	42.9	60	12,256,142	2,481,968	303,263	33,578	556,908
1915	43.1	66	9,435,490	2,684,503	294,739	25,988	425,338
1916	43.9	66	10,044,428	2,919,041	299,873	27,444	442,303

Operations on the Sacramento Street Railway system for the year show a distinct improvement over the previous year's business when the competition of "jitney buses" was seriously affecting revenues. Both the number of passengers carried and the revenue show approximately 10½% increase in 1916 over 1914, as against more than 22% decrease in 1915 over 1914. This indicates a waning activity on the part of "jitneys" in Sacramento.

WATER DEPARTMENT (Pumping System).

Year—	Number of Pumping Stations.	Gallons of Water Pumped.	Miles of Distribution Mains.
1911	3	1,201,358,695	55.79
1912	3	1,326,628,526	62.77
1913	4	1,510,417,976	69.92
1914	4	1,823,607,351	75.93
1915	4	1,650,419,301	108.73
1916	4	1,803,259,546	115.09

GENERAL.

Reference has heretofore been made to litigation in the Federal Court respecting electric rates in San Francisco for the year ended June 30 1914, and gas rates for the years ended June 30 1914, 1915 and 1916. These suits are still pending, and will probably be brought to an issue during the coming year. Effective Aug. 5 1915 the Railroad Commission of the State of California assumed jurisdiction over public utility rates in all municipalities which had not, prior to that date, voluntarily subjected the regulation of the public utilities within their borders to the Commission. As a consequence of this change in the law and upon the initiative of the City of San Francisco, the determination of our gas and electric rates for the period subsequent to Aug. 5 1915 has been transferred to the Railroad Commission, since when hearings of the matter have been proceeding actively, without, however, any decision having as yet been rendered.

The erection of a new eight-story Class "A" steel and concrete office building in San Francisco, adjoining the present general office building and constituting an enlargement thereof, was completed. A new office building was also completed in the City of San Rafael. A new lot was purchased in the City of Oakland in anticipation of the need in the very near future for a larger office building, due to the rapid growth of our business in that district. This lot is well located for our purposes, and was purchased at a very reasonable price. The Company now occupies its own office buildings in San Francisco, Oakland, Berkeley, Sacramento, San Rafael and Martinez.

Payments under the Workmen's Compensation Act, which became effective Jan. 1 1914 aggregated \$85,385 69, including the cost of conducting the department charged with this branch of the Company's affairs. This compares with \$78,734 49 during the year 1913, immediately preceding the effective date of the act, and with \$57,846 48 ten years ago. Considering the fact that during this period the Company's business has more than doubled, our anticipation, as expressed in a former report, that this just and humane legislation would not prove burdensome has been fully justified. The efforts of the management, directed through its "Safety First Committee," to render employment in this Company's service as safe as possible have been continued throughout the year and have undoubtedly contributed in a substantial measure toward keeping accidents and injuries at a minimum.

For a number of years it had been the policy of the Company to pension employees who became incapacitated through injuries or by reason of the infirmities of age. Desiring to standardize its practice in this respect, and to establish rules applicable without discrimination to all of its employees, your Board formally adopted a pension system effective Feb. 1 1916. Pension allowances are based upon length of employment and wages received while in active service, 1½% of the average regular monthly pay received for the last ten years preceding retirement being allowed, no pension, however, being permitted to fall below \$15 per month. At the close of the year 27 employees, drawing pensions aggregating \$14,568, were on this roll of honor. By means of service buttons presented to employees in recognition of long continued service, and through the co-operation and support extended to its Employees' Association, the Company has further sought to promote the spirit of good-fellowship and loyalty among the men and women who are so effectively devoting themselves to its interest.

The total paid in wages during the year was \$5,912,898 53.

Acknowledgment is due the officers and employees of the Company for their loyal and efficient services.

For the Board of Directors,  
FRANK G. DRUM,  
President.

CHICAGO TERRE HAUTE & SOUTHEASTERN RAILWAY COMPANY

SUPPLEMENT TO FIFTH ANNUAL REPORT—FOR THE YEAR ENDED DECEMBER 31 1916.

Chicago, Ill., June 1 1917.

To the Stockholders:

By resolution of the Board of Directors, the by-laws of this company have been amended, changing the fiscal year of the company from a year ending June 30th to a year ending December 31st to correspond with the year adopted by the Inter-State Commerce Commission, which by an order dated November 24th 1916, now requires all common carriers to make their annual reports to that body for calendar years.

This Supplemental Report is made for the year ended December 31st 1916, and is therefore inclusive of the first six months of the calendar year 1916, which was also included in the Fifth Annual Report of the company for the year ended June 30th 1916.

An Income Account statement for the last six months of the calendar year 1916 is shown separately as a part of this report.

M. J. CARPENTER,  
President.

GENERAL BALANCE SHEET, CONDENSED, DECEMBER 31 1916.

ASSET SIDE. Investments— Road to June 30 1914... \$19,692,752 29. Equipment to June 30 1914... 5,148,285 24. Current Assets— Cash... \$591,965 06. Total... \$27,363,491 31.

INCOME ACCOUNT YEAR ENDED DECEMBER 31 1916, COMPARED WITH PREVIOUS YEAR.

Operating Revenues— 1916. 1915. Increase (+), or Decrease (-). Freight... \$2,542,989 58. Operating Expenses— Maintenance of Way and Structures... \$373,025 86. Total... \$2,148,319 88.

PROFIT AND LOSS DECEMBER 31 1916.

Balance June 30 1916... \$441,742 47. Add— Balance for six months ended December 31 1916... \$126,520 70. Total... \$568,263 17.

FUNDED DEBT.

Designation of Bond or Obligation. Term. Total Par Value Authorized. Total Par Value Outstanding. Total Par Value Held by Company. Interest. Southern Indiana First Mortgage Gold Bonds...

See note under General Balance Sheet.

EQUIPMENT TRUST OBLIGATIONS.

Designation. Date of Issue. Term. Number of Payments. Equipment Covered. Principal. Original Amount. Amount Outstanding. Five Per Cent Equipment Gold Bonds...

S. W. Straus & Co., Inc., of New York and Chicago. In an advertisement on another page request "Chronicle" readers to write for their July investment list.

Hodenpyl, Hardy & Co., Inc., 14 Wall St., announce the election of Harry M. Tingle as Vice-President and director, succeeding A. H. Johnson, resigned.

R. M. Grant & Co., 31 Nassau St., this city, announce with regret the withdrawal to-day of Seneca D. Eldredge from the firm.

Duncan J. Hall, until recently Manager of the Chicago office of William R. Staats & Co., has become associated with the investment banking house of Ames, Emerick & Co., Chicago.

W. H. McELWAIN COMPANY

ANNUAL REPORT—FOR THE FISCAL YEAR ENDING MAY 31 1917.

354 Congress Street, Boston, Massachusetts.  
June 25 1917.

To the Stockholders:

The Board of Directors submits the following report of the business of W. H. McElwain Company for the fiscal year ending May 31 1917, together with a statement of the financial condition of the Company at that date.

INCOME ACCOUNT.

Undivided Surplus May 31 1916.....	\$667,943 07
Add—	
Net earnings for the year after deducting depreciation.....	2,068,475 13
	\$2,736,418 20
Deduct—	
Special appropriation to Plant Account.....	\$100,000 00
Managers' profit-sharing distribution.....	216,858 77
Dividends:	
First Preferred Stock, 6%.....	\$282,750 00
Second Preferred Stock, 9%.....	180,000 00
Common Stock, 12%.....	240,000 00
	\$702,750 00
Less dividends received and adjusted on stock bought for retirement and profit sharing.....	2,876 22
	699,873 78
	1,016,732 55
Undivided Surplus May 31 1917.....	\$1,719,685 65

BALANCE SHEET MAY 31 1917.

ASSETS.	
Quick Assets:	
Cash.....	\$220,206 35
Receivables.....	6,222,295 59
Merchandise.....	8,526,521 90
	\$14,969,113 84
Securities.....	377,512 00
Plant Account.....	3,200,843 16
Total.....	\$18,547,469 00
LIABILITIES.	
Current Liabilities:	
Debts.....	\$7,727,783 35
Capital Liabilities:	
First Preferred Stock.....	\$4,600,000 00
Second Preferred Stock.....	2,000,000 00
Common Stock.....	2,500,000 00
	\$9,100,000 00
Surplus.....	1,719,685 65
Total.....	\$18,547,469 00

WORKING CAPITAL.

The net working capital, as shown in the balance sheet, amounts to \$7,241,330 49, an increase over the previous year of \$1,616,751 37, or 28%. This does not include securities.

On account of general business conditions it has been thought advisable to purchase in advance a large quantity of materials for the filling of orders in the amount of about \$12,000,000, now on the books for fall delivery. This insures both supply and profit. For this reason the merchandise on hand is larger than heretofore and the debts of the Company show a corresponding increase.

The net quick assets of the Company, after deducting \$33,000 to cover dividends on First and Second Preferred Stock at six per cent per annum accrued for the month of May 1917, amount to \$7,208,330 49. The net quick assets per share of First Preferred Stock outstanding amounted May 31 1917 to \$156 70 as compared with \$117 70 last year. The net tangible assets (including securities) amounted May 31 1917 to \$234 49 per share of First Preferred Stock outstanding as compared with \$198 27 per share last year.

PLANT.

During the year the Company has charged to Expense the amount of \$469,946 12 covering repairs, renewals and a liberal allowance for depreciation.

In addition, a special appropriation for Plant Account in the amount of \$100,000 00 has been made from net earnings.

There has also been charged to expense \$146,910 00 for Lasts, Dies and Patterns.

SECURITIES.

This item in the balance sheet represents at a conservative valuation securities of corporations distributing the Company's product, manufacturing the Company's supplies or owning factories leased by the Company.

NET EARNINGS.

The net earnings of the Company exceed by more than 100% any other year in its history.

In arriving at net earnings inventories have been taken on a conservative basis, all merchandise being valued at cost or less, with a material allowance for any possible decline in market. The replacement value exceeds by over \$1,000,000 the inventory figures.

SALES.

Sales for the fiscal year covered by this report, including all departments but without duplications, trade discounts or returns, aggregate \$28,140,984 82. This figure is the largest in the history of the Company and has been limited

only by the capacity of our plants, which have operated at maximum production.

RETIREMENT OF FIRST PREFERRED STOCK.

During the year the Company has purchased and retired 1,500 shares of its First Preferred Stock under the provision of its by-laws (Article II, Section 3) that requires the expenditure in the purchase of such stock of at least ten per cent of the net earnings remaining after the payment of dividends on First Preferred Stock. Since the close of the year it has appeared that the earnings of the Company are such as to require an additional purchase. The Treasurer has therefore secured 500 shares, and the Directors will recommend to the annual meeting that they be canceled and retired in accordance with the by-laws.

INCREASE OF COMMON STOCK.

During the year there have been issued for cash at par 5,000 shares of Common Stock of an aggregate par value of \$500,000.

This has made possible a wider distribution of Common Stock than heretofore and has given an opportunity to those in charge of important departments to acquire a more vital interest and participation in the success of the Company.

STOCKHOLDERS.

The record holders of First and Second Preferred Stock now number 2,123; the average of their holdings is 31.08 shares.

EMPLOYEES.

The Company now employs about 7,500 persons. During the year it has voluntarily reduced the hours of labor in its New Hampshire factories from 55 to 52 per week. This change has not resulted in reduced output.

During the year, due to increased rates and improved working conditions, the average annual wages of our employees have been materially increased, so that they are now over 33 1-3% higher than in the period immediately prior to the war.

PROFIT SHARING.

In recognition of the value of the services rendered by its organization the Company has instituted a plan whereby a part of its profit is distributed among executives, superintendents and foremen in proportion to their salaries. The number so participating in the earnings of the past year is 187, and the amount distributed \$216,858 77.

FORECAST.

In view of the conditions arising from the war, it is difficult to forecast the year upon which we are entering. The facts, as they appear at present, lead us to expect a continuation of substantial earnings. We own raw and finished materials at prices that we believe justify this prediction. Our factory capacity for the first six months is assured at a normal profit. All our wholesale houses have booked a large volume of business for the coming season.

CONCLUSION.

The books and accounts of the Company are continuously audited by Messrs. Harvey S. Chase & Company, Certified Public Accountants, and their certificate is presented herewith.

The Directors wish to acknowledge the efficient cooperation of managers and employees which has made possible the results that are here reported.

By order of the Board of Directors.

J. FRANKLIN McELWAIN,  
President.

CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANTS.

Boston, Massachusetts, June 25 1917.

The Board of Directors, W. H. McElwain Company, Boston, Massachusetts.

We have examined the books and accounts of W. H. McElwain Company for the fiscal year ended May 31 1917.

The cash, notes receivable and securities have been verified by actual count and inspection or by certificates from the depositaries. The amount at which the notes and accounts receivable are included in the balance sheet in our opinion represents their realizable value. The aggregate value at which the securities are carried we believe is conservative. We have satisfied ourselves that the merchandise has been carefully and conservatively inventoried.

We have considered carefully the charges to capital account made during the year and believe the value of the plant to be stated conservatively in the Balance Sheet.

We hereby certify that in our opinion the Income Account, Balance Sheet and the other information contained in the foregoing financial report accurately record the condition of the Company's affairs on May 31 1917, and the result of its operations for the fiscal year ended at that date.

HARVEY S. CHASE & COMPANY,  
Certified Public Accountants.

## INTERSTATE ELECTRIC CORPORATION

ANNUAL REPORT—FOR THE YEAR ENDED DECEMBER 31 1916.

Office of Interstate Electric Corporation  
Washington Life Building  
New York City

To the Stockholders of Interstate Electric Corporation:

Your directors submit herewith the fourth annual report containing the balance sheet setting forth the financial condition of your Company as of December 31 1916, together with consolidated income statement of the year ended December 31 1916.

The foregoing have been certified to by Messrs. Arthur Young & Company, Certified Public Accountants, after having made a detailed examination of the books of the Interstate Electric Corporation as well as the books of each of its subsidiary operating companies.

The gross earnings for the year, based on the full year's income of all of the subsidiary properties now controlled by the Interstate Electric Corporation, shows an increase of over 15% over the year 1915. The same rate of increase is continuing up to twelve months ending April 30 1917, being the latest figures available at the date this report is being submitted to you.

The net earnings for the year 1916 also showed an increase of approximately 15% over the year 1915, although some of the investments had not at the close of the year become fully productive, such as the Texas Transmission Line. This investment alone should materially reduce the operating costs during the year 1917 as the current is produced economically in the San Angelo (Texas) Central Station as compared with the former higher costs at Ballinger, Winters and Miles. Furthermore, through the operation of twenty-four hour service in some of the smaller situations it enables the Company to obtain a substantial amount of profitable motor load, as well as income from fans which in that section are used very extensively.

It will be noted from the balance sheet submitted by Messrs. Arthur Young & Company that the Company closed its fiscal year free from floating debt, its current assets being almost twice its current and accrued liabilities.

Your subsidiary companies on December 31 1916 had actual physical property exclusive of franchise values greatly in excess of their respective outstanding capitalization. These Companies are therefore in a very strong position should it ever become necessary to make application for increased rates. Furthermore, the Government's excess profits tax law, recently enacted, will not affect the earnings because of the large amount of replacement value of the subsidiary companies' physical property.

The relations of the companies with the communities which they serve continue to be satisfactory. The companies are all operating under favorable and long-term franchises, free from onerous conditions. The physical property of the controlled companies is being fully maintained, and every effort is being made towards bringing the operations to a high state of efficiency. Like all public utilities, your companies have been somewhat affected by the higher operating costs for both labor and supplies, but the majority of them will not be seriously affected by the increased fuel cost for reasons hereinafter set forth.

The Corry and Union City Companies purchase current from the Erie Lighting Company under a long-term contract at a very favorable cost per K.W.H., consequently there will be absolutely no increase in the production cost in those two situations.

Laredo uses lignite for fuel which is obtained in the immediate vicinity, therefore this company's generating costs should not be materially affected.

At Great Bend Diesel Oil engines are in use. The oil is purchased under contract, consequently it is not anticipated that Great Bend production costs will be immediately increased.

Hoisington will likewise not be materially affected on account of obtaining current from Great Bend over transmission lines connecting these two cities.

At Trenton (Mo.) current is generated through the operation of recently installed Diesel engines and this company will also be comparatively immune from higher production costs.

San Angelo uses Mexican crude oil under the boilers, and is therefore not dependent upon high-priced oil shipped in from a great distance. The oil is purchased under contract and this subsidiary will for some time not be greatly affected on account of increased fuel cost. Inasmuch as San Angelo is now producing and supplying over the recently completed 52 miles transmission system all of the current used in Ballinger, Winters, Miles, Rowena and a number of other communities along the lines, these situations will likewise not have to contend with excessive fuel costs.

The communities served are enjoying permanent prosperity due to steady and sound improvement in fundamental conditions, none of the prosperity in the territories served being due to abnormal temporary munition or war supply business. We have therefore every reason to believe that

even in view of increased production costs for both labor and material we can nevertheless confidently look forward to the same satisfactory increases in both gross and net earnings for the year 1917 over 1916 as we have in the past.

Delays in delivery of material and transmission line equipment prevented the early completion of important work which would have produced further savings and increased net earnings in 1916, but which will now be reflected in the 1917 income.

By referring to the comparative statistics in this report you will note the very satisfactory percentage of increase as to station output as well as to the number of consumers.

None of the territory served has reached the saturation point and the Company can reasonably look forward to taking on additional business in virgin territory at high rates along transmission lines.

It is with sincerest regret that we report the death of Mr. Geo. S. Haley, Vice-President of this Company and President of the General Engineering & Management Corporation. Mr. Haley's strong personality and sincere efforts won for him extreme loyalty and enthusiastic support of all of the employees. His sudden death was a great shock to all of his associates.

Your directors desire to express their high appreciation for the loyalty and efficiency of your officers, employees and managers of the various subsidiary companies owned and take pleasure in making this acknowledgment.

By order of the Board of Directors.

N. P. ZECH, Vice-President.

General Engineering & Management Corporation  
141 Broadway, New York

Telephones:  
Cortlandt 7305, 7306, 7307

Code:  
Montgomery 5th

SUBJECT: PROPERTY IMPROVEMENTS.

June 4 1917.

Interstate Electric Corporation, 141 Broadway, New York City.

Gentlemen:—In addition to the ordinary improvements, betterments and extensions due to the natural growth of the communities served, we herewith transmit a brief summary of the more important work undertaken during the year 1916.

SAN ANGELO WATER, LIGHT & POWER COMPANY  
BALLINGER LIGHT, POWER & ICE COMPANY  
WINTERS LIGHT & POWER COMPANY

A 22,000-volt transmission line approximately 52 miles long was completed in March 1917, and is in service at the date of this report. This line connects San Angelo with Harriet, Miles, Rowena, Ballinger, Hatchell, Winters and some smaller Texas communities. The building of this Transmission Line has permitted the closing down of the electric generating plants at Ballinger, Winters and Miles, and has also enabled us to furnish 24-hour service to other towns mentioned above.

A 1,000 G.P.M. centrifugal pump direct connected to a 75 h.p. General Electric motor was added to the pumping equipment at San Angelo. This pump has largely increased the capacity of the water plant and has also decreased the operating ratio of this property.

PALESTINE WATER WORKS COMPANY  
PALESTINE ICE COMPANY

A 200 K.V.A. low-pressure Kerr Turbo Generator was installed in the ice plant at Palestine. Steam for this unit is obtained by using exhaust steam from the ice machines and current is generated and sold to the Water Company for operating centrifugal pumps. During the year 1916 two 500 G.P.M. and one 750 G.P.M. pumps were installed in the two pumping stations of the Water Company. A double transmission line was built connecting the two pumping stations and the ice plant. These improvements have permitted the shutting down of the steam plants used previously in pumping water and have also eliminated the necessity of hauling coal a distance of about three miles to the two pumping plants, which are not located on railroad sidings. During the year approximately 1,000 water meters were installed, so that practically all customers are now on a meter basis.

GREAT BEND WATER & ELECTRIC COMPANY  
HOISINGTON ELECTRIC & ICE COMPANY

During the latter part of 1915 a severe cyclone destroyed the buildings in which the electrical and pumping equipments were housed. The building of a modern brick and concrete power house which had previously been contemplated, was begun at once and was completed during the early part of 1916. Two new Diesel Oil engines having a capacity of 280 H.P. each, direct connected to a General Electric generator, each having a capacity of 240 K.V.A.,

were installed in this plant, together with a new General Electric switchboard. Two 500 G.P.M. centrifugal pumps each direct connected to 75 H.P. General Electric motors were also installed. Both the electrical and pumping equipment is now housed in the same building, which requires a minimum amount of labor. The operation of the Oil Engines has been very satisfactory and has substantially reduced operating costs.

The capacity of the transmission lines supplying power to the Hoisington Electric & Ice Company from the Great Bend Water & Electric Company was materially increased by changing it from 13,200 volts to 16,500 volts. Larger transformers were also installed. These improvements will amply provide for the growing requirements of the Hoisington Electric & Ice Company for a number of years.

A 100 K.W. generator direct connected to a steam engine was removed from the Great Bend Water & Electric Company plant when the Diesel Oil engines were put into service and this direct connected unit was installed in the Hoisington plant to provide emergency service there.

TRENTON GAS & ELECTRIC COMPANY

To provide for the growing requirements at this plant it was necessary to purchase additional generating equipment. With a view of operating the plant at a high mark of efficiency, it was decided to install Diesel Oil engines. Two new 240 H.P. engines manufactured by the Busch Sulzer Bros. Diesel Engine Company each direct connected to a 200 K.V.A. General Electric generator, together with a new General Electric switchboard, were purchased and put into service during 1916. To house this equipment a modern brick and concrete engine room approximately 40 feet square was built. The old steam plant was retained for emergency service. The oil engine units were put in operation in April and the saving effected in fuel and labor for the last nine months of 1916 alone amounted to approximately \$3,800.00—notwithstanding the abnormally high prices of fuel oil during this period.

A new ice plant of ten tons daily capacity, together with an ice storage vault of 250 tons capacity, was built adjoining the power plant. All of these buildings are of brick and concrete construction. A forty-thousand cubic foot gas holder was also added to the gas plant equipment.

Having supervised the operations and improvements for a number of years, we are thoroughly familiar with all of the operating details of your subsidiaries, and it is our opinion that by following the various recommendations which we have made as to extensions, improvements and consolidations, a considerable additional profitable revenue will be obtained. This, together with greatly increased efficiency in operation as a further result of our recommendations, will result in very satisfactory increases in both the gross and net earnings of these companies during the current year.

Very truly yours,  
FRANK Y. LOW, *President.*

Office of Interstate Electric Corporation  
Washington Life Building  
New York City

To the Stockholders of Interstate Electric Corporation:

The financial condition of the Interstate Electric Corporation is very gratifying, the Company being entirely free from floating debt or short-time obligations. All obligations of the Company in respect to accounts payable and fixed charges on December 31 1916 have since been paid, while the Current Working Indebtedness is on a normal basis and is largely exceeded by the current assets.

The cash expenditures during the year in additions and improvements amounted to over \$390,000.00, the larger part of which was due to the installation of Diesel Oil engines in the Great Bend and Trenton plants, the addition of a new ice plant at Trenton and the completion of the transmission lines between San Angelo and Winters, Texas, and between Trenton and Laredo, Mo.

During the year the Company sold \$300,000 of its Preferred Stock and \$100,000 of its bonds.

Due to expenditures in making the plants practically fire-proof and increasing the water pressure at all the water plants, we have reduced our insurance rate from \$1 15 to \$1 00 during the year. All companies are fully covered by fire insurance as well as boiler and public and employees' liability. The companies also carry tornado insurance where it is deemed necessary. By carrying blanket insurance policies, substantial savings in premiums have been effected.

Quarterly Dividends of 1 3/4% each were declared on the Preferred Stock and paid on the first day of March, June, September and December, amounting to \$54,894 01, and dividends aggregating 2% were declared and paid during the year on \$1,000,000 Common Stock amounting to \$20,000.

The Interstate Electric Corporation Mortgage is closed at \$2,000,000 and no further Interstate Electric Corporation Bonds can be issued except as the Underlying Bonds are reduced by Sinking Fund or otherwise. Therefore the Bond Interest Charge cannot be increased.

Of the total Authorized Preferred Stock of \$1,000,000 there was issued on December 21 1916, \$966,000, of which \$759,000 was actually outstanding and \$207,000 was held in the Treasury.

During the year underlying Bonds aggregating \$14,650 00 par value have either actually been retired or funds have

been deposited to retire same in accordance with the provisions of the Trust Deeds.

Respectfully submitted,  
W. C. HARTY, *Treasurer.*

ARTHUR YOUNG & COMPANY  
Certified Public Accountants  
105 South La Salle Street

Chicago, April 25 1917.

We have audited the accounts of the Interstate Electric Corporation and its subsidiary companies from the date of the incorporation of the parent company in April 1913, and the dates at which the several subsidiary companies were acquired, and certify that, based on the appraisals of the engineers of the properties that have been set up on the books of the subsidiary companies, the attached Balance Sheet and Income Account present a fair and reasonable statement of the financial condition of the company as at December 31 1916, and of the earnings for the year ending on that date.

(Signed) ARTHUR YOUNG & CO.,  
Certified Public Accountants.

Note.—It will be noted that the surplus earnings as finally reported and certified to by Messrs. Arthur Young & Company are \$933 81 more than those quoted in our circular letter dated April 23 1917. The figures used by us in our letter were at that time tentatively submitted to us by Messrs. Arthur Young & Company and prior to the completion by them of the final reports.  
M. B. WEBSTER, *Comptroller.*

INTERSTATE ELECTRIC CORPORATION AND SUBSIDIARY COMPANIES CONSOLIDATED INCOME ACCOUNT FOR YEAR ENDING DECEMBER 31 1916.

Gross Income, including Merchandise and Jobbing Sales.....	\$660,551 07
Less—Discounts and Allowances.....	18,633 49
	\$641,917 58
Other Income, Interest and Discounts.....	7,582 37
Total Gross Earnings.....	\$649,499 95
<i>Operating Expenses—</i>	
Production.....	\$154,340 21
Purchased Power.....	26,203 73
Transmission.....	1,865 04
Distribution.....	29,351 03
Utilization.....	2,322 57
Commercial Expense.....	2,507 50
New Business Expense.....	3,376 17
General Expense.....	93,335 68
Taxes.....	21,424 65
Cost of Merchandise and Jobbing Sales.....	51,185 28
	\$35,911 86
Net Earnings.....	\$263,588 09
Interest Paid on Bonds and Notes of Subsidiary Companies, Interest accruing to Interstate Electric Corporation deducted.....	\$53,129 83
Interest on Interstate Electric Corporation's 6% Bonds.....	\$210,458 26
	62,451 82
Net Income available for Dividends.....	\$148,006 44
Deduct—Dividends on Preferred Stock paid and accrued.....	54,894 01
Net Income.....	\$93,112 43
Less Common Stock Dividend.....	20,000 00
Balance carried to Surplus.....	\$73,112 43

INTERSTATE ELECTRIC CORPORATION AND SUBSIDIARY COMPANIES BALANCE SHEET DECEMBER 31 1916.

<i>ASSETS.</i>	
Properties, Plants and Franchises, &c., being cost of acquiring Properties of Subsidiary Companies, General Office Furniture and Advance Payments on account of new Properties.....	\$3,918,707 01
Sinking Fund—San Angelo Light & Power Company.....	7,050 00
<i>Inventories and Current Assets—</i>	
Material, Supplies, Fuel, etc., on hand.....	\$49,086 27
Cash on hand and in banks.....	\$60,184 99
Cash in transit.....	20,609 87
Notes and Accounts Receivable and City Warrants.....	89,769 57
	170,564 43
Prepaid Insurance and Expenses.....	219,650 70
	8,191 04
	\$4,153,598 75

<i>LIABILITIES AND CAPITAL.</i>	
Capital Stock—	
Preferred.....	\$759,000 00
Common.....	1,000,000 00
	\$1,759,000 00
Stocks of Subsidiary Companies Not Owned—Par Value.....	25,500 00
<i>Funded Debt—</i>	
Prior Lien Bonds and Coupon Notes in hands of Public.....	\$843,710 00
Interstate Electric Corporation 6% Collateral Sinking Fund Gold Bonds.....	1,241,000 00
	2,084,710 00
<i>Current and Accrued Liabilities—</i>	
Vouchers and Accounts Payable.....	\$50,204 71
Customers' Deposits, etc.....	2,744 56
Interest Accrued.....	\$43,032 86
Taxes Accrued.....	10,744 33
Sundry Accruals.....	913 47
Dividends Accrued.....	6,465 33
	61,158 99
Sundry Reserves.....	114,108 26
	2,635 75
<i>Undivided Profits—</i>	
Balance January 1 1916.....	\$94,632 31
Net Income for year 1916 after deducting Preferred Stock Dividend.....	\$93,112 43
Less—Common Stock Dividend.....	20,000 00
	73,112 43
	167,644 74
	\$4,153,598 75





The Commercial Times.

COMMERCIAL EPITOME

Friday Night, June 29 1917.

More reasonable weather has helped the crops and stimulated retail trade. Harvesting of winter wheat has begun in Kansas and Ohio. Corn is generally doing well. Government buying continues on a large scale and it undoubtedly gives a powerful stimulus to many different manufactures. With the moving of the new crops, prices for food are in many cases lower. Military needs impart new activity to the trade in lumber, hardware and many other materials. The industries are going ahead at high pressure in a hundred different channels of activity. But for the scarcity of labor and of raw materials, they would be even more active than they are. The building trades have been helped by the building of cantonments for troops. There is a big demand for coal. Collections at the South are reported better, owing to the high price of cotton. Car shortage is not so acute. Money is in good demand at easier rates. The fruit crops are larger, vegetables are improving, and home gardens are said to be playing an important part in supplying markets with vegetables in leading cities. Hay and grass crops over most of the country are looking well. On the other hand, there is more or less uneasiness over the question of Government control of such commodities as iron, wheat, steel, wool and coal. Conjecture is rife as to just how drastic the control will be, especially in the matter of fixing prices. This is to many the skeleton at the feast. The Liverpool Cotton Exchange has re-opened, but under restrictions which exclude speculation, and prices are to be fixed daily by a committee of the Exchange. Government purchases of duck khaki, &c., have helped the cotton mills, and they are making big profits. But the civilian clothing trade suffers, because so many thousands are donning army and navy uniforms. In other words, there is a manifest tendency towards control of different branches of trade at home and abroad, which, while justifiable in these times of war, naturally creates a feeling of uncertainty and uneasiness throughout large ramifications of business. Furthermore, there is still a very noticeable tendency towards economy, owing to the inordinate cost of living. It is said that there is to be a return to the 5-cent loaf in this city, but prices of necessities often seem to advance more readily than they decline. Once prices are up the small dealer or retailer is apt to cling to them as long as possible. The week's failures, moreover, look rather large. The condition of the cotton crop is said to be the worst on record for this time of the year. The plant is small and is reported to be two to four weeks late, while drought prevails in Texas. The price during the week has reached the highest on record on a gold basis. With the big Government demand, it all makes for dear clothing. Undoubtedly there is a spirit of conservatism. Private business stands back, as Government buying presses forward. But on the whole, the business situation is sound, all the more so because a spirit of caution is everywhere apparent.

LARD lower; prime Western, 21.70c.; refined to the Continent, 22.30c.; South America, 23c.; Brazil, 24c. Futures declined with grain and hogs and also because the expected demand from the Belgian Relief Committee failed to appear. An export embargo also is more or less feared. Liverpool reports the market there quiet with prices maintained. To-day prices declined on liquidation and lower prices for hogs.

DAILY CLOSING PRICES OF LARD FUTURES IN CHICAGO

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
July delivery	cts. 21.37	21.50	21.10	21.22	21.25	21.05
September delivery	21.30	21.75	21.35	21.47	21.50	21.27

PORK firm; mess, \$42@42.50, clear \$42.50@44.50. Beef products firm, mess \$30@31; extra India mess, \$49@52. Cut meats lower; pickled hams, 10 to 20 lbs., 20 1/2@22 1/2c.; pickled bellies, 28 1/2@29 1/2c. Liverpool reported the market then dull, but steady, with supplies moderate, but consumption limited. American holders are firm and actual clearances lighter. Butter, creamery, 38 1/2@39c. Cheese, State, 23 1/2c. Eggs, fresh, 36@37c.

COFFEE dull; No. 7 Rio, 9 1/2c.; No. 4 Santos, 10@10 1/2c.; fair to good Cutcuta, 11@11 1/2c. Futures declined, partly owing to July liquidation, the unsatisfactory spot demand and the big crop. There is believed to be little likelihood of the Brazilian Government resorting to valorization as a panacea. The total quantity in sight is 2,085,161 bags, against 1,363,745 a year ago. Food control legislation is certainly not a factor generally regarded as likely to cause higher prices. To-day prices closed unchanged to 3 points higher, with sales stated at 28,500 bags. Prices are lower for the week. Closing quotations follow:

July	cts. 7.45@7.47	November	cts. 7.72@7.73	March	cts. 7.91@7.92
August	7.55@7.56	December	7.76@8.77	April	7.96@7.97
September	7.64@7.65	January	7.81@7.82	May	8.01@8.02
October	7.68@7.69	Feb	7.86@7.87		

SUGAR higher; centrifugal, 96-degrees test, 6.33c.; molasses, 89-degrees test, 5.58c.; granulated, 7.50@8c. Futures advanced in response to higher prices for raw on the spot, and also on the idea that as the weather is warmer, the consumption will increase with the increased consumption of fruits. The Cuban crop is estimated at about 3,000,000 tons. Last week's receipts at Cuban ports reached the unexpectedly large total of 34,895 tons, against 35,367 in the previous week and 27,098 last year. Foreign demand is lighter. The

domestic demand for granulated is beginning to increase. To-day prices ended 1 to 6 points lower, with sales stated at 39,300 tons and leading Cuban operators buying. There is a noticeable net rise for the week. Prices follow:  
 July - cts. 5.36@5.38  
 August - 5.41@5.48  
 September - 5.53@5.54  
 October - 5.53@5.54  
 November - cts. 5.53@5.55  
 December - 5.39@5.41  
 January - cts. 5.08@5.10  
 February - 4.89@4.91  
 March - cts. 4.80@4.91  
 April - 4.91@4.93  
 May - 4.93@4.95

OILS.—Linseed firm; city, raw, American seed, \$1 15@ \$1 17. City, boiled, American seed, \$1 16@1 18; Calcutta, \$1 40. Lard, prime, \$1 90. Coconut, Cochin, 19d.; Ceylon, 18c. Corn, 14.81c. Palm, Lagos, 19c. Soya bean, 14 1/2@15c. Cod, domestic, 84@86c. Spirits of turpentine, 42 1/2@43c. Strained rosin, common to good, 6.00c. Cottonseed oil lower on the spot at 15.85c. Closing prices follow:  
 July - cts. 15.85@15.88  
 August - 15.85@15.86  
 September - 15.81@15.82  
 October - 15.79@15.80  
 November - 15.56@15.57  
 December - 15.57@15.90  
 January - cts. 15.59@15.66  
 February - 15.60@15.65

PETROLEUM firm; refined in barrels, \$10 25@11 25; bulk, \$5 50@6 50; cases, \$12 75@13 75. Naphtha, 73 to 76 degrees, in 100-gallon drums and over, 44 1/2c. Gasoline firm; motor gasoline, in steel barrels, to garages, 24c.; to consumers, 26c.; gasoline, gas machine, steel, 41c.; 72 to 76 degrees, steel and wood, 38c.; 68 to 70 degrees, 28@32c. Scarcity of tonnage is delaying shipments. In the Eastern field production makes a pretty good showing. Another Wyoming gusher is reported. Mexico has removed the import duty on gasoline. Southeastern Ohio fields show some improvement. Things are dull in the West Virginia fields. Pennsylvania dark \$3 10  
 Cabell - 2 37  
 Mercer black - 2 18  
 Critchton - 1 40  
 Corning - 2 46  
 Wooster - 2 18  
 Thrall - 1 70  
 Straw - 1 70  
 De Soto - 1 80  
 North Lima - \$1 88  
 South Lima - 1 88  
 Indiana - 1 72  
 Princeton - 1 98  
 Somerset, 32 deg - 2 20  
 Ragland - 1 90  
 Electra - 1 70  
 Moran - 1 70  
 Plymouth - 1 88  
 Illinois, above 30 - 31 92  
 Kansas and Okla. - 31 92  
 homo - 1 70  
 Caddo La., light - 1 99  
 Caddo La., heavy - 1 99  
 Canada - 2 25  
 Humble - 1 90  
 Henrietta - 1 70

TOBACCO has been quiet latterly, but firm. The cost is so high that buying is within restricted limits. The crop is late. In Connecticut it looks as though it might be short. Still it is a fact that the weather latterly has been more favorable. Possibly a pretty good crop may yet be raised. At the latest inscription nearly 4,000 bales of Sumatra were sold here at prices ranging from \$1 85 to \$3 93 in bond. The quality was good. These prices were higher than were generally expected. New Cuban tobacco is in fair demand at firm prices. The U. S. Government report said: "Heavy rains, accompanied by hail, delayed the resetting of tobacco in Wisconsin. Setting was completed in New England, but is still in progress in Ohio. Cultivation is being pushed in Kentucky, although rain is needed in this State, and the condition of the crop is only fair, and its condition is fair in North Carolina, where some wilt was reported. It is doing well in Virginia and Tennessee, but damage by cutworms was reported from the first-named States, and it is late in the latter."

COPPER lower; Lake here on the spot, 30 1/2@31 1/2c.; electrolytic, 32 1/2@32 1/2c. for third quarter, electrolytic, 30@31c. The Government is said to have bought 60,000,000 lbs. at 25 cents as a temporary supply. It is intimated that later on much larger purchases will have to be made, as the above quantity will be, it is said, to meet the requirements for only one month. Tin lower; spot, 62 1/2@62 1/2c. Latterly the tone has been firmer, and London has also been steadier on the spot. Arrivals are 1,520 tons; affloat 3,081 tons. Trade here is, however, undoubtedly quiet. Spelter lower at 9@9 1/2c. It is believed that the Government will have to re-enter the market in the future. The last buying order from the source was for 10,000 tons. Lead easier on the spot at 11 1/2@11 1/2c. The Government has bought a month's supply at 8 cents, or, in other words, 8,000 tons, being the requirements for July. Business with private consumers has been dull. Pig iron has been in steady demand. Constant advances in prices are powerless to stop it. It is stated that the Federal Government and their Allies are in negotiation for very large tonnages for which prices will be fixed later. Large quantities of Southern basic have brought \$50 Birmingham for the latter part of 1917 and the first quarter of 1918. Northern basic has been \$54 Valley. Generally pig iron has risen \$1 to \$3. It is hinted that some of the buying for 1917 delivery has been on speculation. Also it is suggested that pig iron prices may come under consideration in any plan to regulate steel quotations. Meantime, however, the local demand for pig iron is active. It is said that large sales of Bessemer had been made at \$60 for extended delivery. Foundry iron in the East is now \$50 to \$53 for No. 2X for any shipment. Scrap iron is advancing.

STEEL prices have been advanced by Government buying. Most of the business, in fact, is with the Government. Private consumers cannot pay present prices, so they have withdrawn. Cast iron pipe and sheet bars are \$5 higher. Yet, the thought of a possible Government control of iron and steel products is certainly a more or less disturbing factor. There is a certain amount of uneasiness as to just what the Government intends to do in the fixing of prices. Not a little business is being done on which action by the Government as to prices is deferred. Large purchases have been made of wire nails for the army at \$3 20. Light rails are \$5 higher at Chicago. Ship plates are in urgent demand from Japan. In general it may be said that steel is very active, but this is in a measure offset by the uncertainty as to what prices the Government intends to pay.





OVERLAND MOVEMENT FOR THE WEEK AND SINCE AUG. 1.

June 29— Shipped—	1916-17		1915-16	
	Week	Since Aug. 1.	Week	Since Aug. 1.
Via St. Louis.....	16,868	866,229	6,631	729,338
Via Mounds, &c.....	2,385	268,823	978	316,161
Via Rock Island.....	1,550	6,608	25	6,981
Via Louisville.....	1,989	121,280	814	144,308
Via Cincinnati.....	807	83,423	2,010	138,640
Via Virginia points.....	5,381	349,773	1,981	163,664
Via other routes, &c.....	5,918	743,717	13,984	649,503
Total gross overland.....	33,448	2,419,853	26,409	2,144,895
Deduct shipments—				
Overland to N. Y., Boston, &c.....	3,656	253,709	2,441	160,027
Between interior towns.....	2,819	159,929	3,140	189,203
Inland, &c., from South.....	12,779	483,815	11,433	310,778
Total to be deducted.....	19,254	897,453	17,014	660,008
Leaving total net overland *.....	14,194	1,522,400	9,395	1,484,887

The foregoing shows the week's net overland movement has been 14,194 bales, against 9,395 bales for the week last year, and that for the season to date the aggregate net overland exhibits an increase over a year ago of 37,513 bales.

In Sight and Spinners' Takings.	1916-17		1915-16	
	Week	Since Aug. 1.	Week	Since Aug. 1.
Receipts at ports to June 29.....	65,302	6,687,761	67,281	6,931,522
Net overland to June 29.....	14,194	1,522,400	9,395	1,484,887
Southern consumption to June 29.....	91,000	3,963,000	86,000	3,671,000
Total marketed.....	170,496	12,173,161	162,676	12,087,409
Interior stocks in excess.....	46,793	223,875	34,329	21,858
Came into sight during week.....	123,703		128,347	
Total in sight June 29.....		12,397,036		12,085,551
North. spinners' takings to June 29.....	68,422	2,867,770	9,749	3,104,832

\* Decrease during week. a Less than August 1.

Movement into sight in previous years:

Week—	Bales	Since Aug. 1—	Bales.
1915—July 2.....	79,796	1914-15—July 2.....	15,008,084
1914—July 3.....	66,043	1913-14—July 3.....	14,653,752
1913—July 4.....	65,126	1912-13—July 4.....	13,785,699

QUOTATIONS FOR MIDDLING COTTON AT OTHER MARKETS.

Week ending June 29.	Closing Quotations for Middling Cotton on—					
	Saturday.	Monday.	Tuesday.	Wed. day.	Thurs. day.	Friday.
Galveston.....	26.45	26.80	26.30	26.50	26.50	26.50
New Orleans.....	25.25	25.25	25.50	25.88	26.09	26.00
Mobile.....	25.00	25.00	25.25	25.38	25.50	25.75
Savannah.....	26 1/2	26 1/2	26 1/4	26 1/4	26 1/4	26 1/4
Charleston.....	26	26	26	26	26	26
Wilmington.....	26	25 1/2	26	26	26	26
Norfolk.....	26.13	25.88	26.25	26.50	26.25	26.25
Baltimore.....	26.00	26.50	26.50	26.75	26.75	26.75
Philadelphia.....	27.40	26.85	27.50	27.95	27.40	27.40
Augusta.....	26.25	26.13	26.38	26.50	26.50	26.38
Memphis.....	25.50	25.50	25.75	26.00	26.00	26.00
Dallas.....	25.10	25.50	26.05	25.85	25.85	25.85
Houston.....	26.40	25.60	26.20	26.20	26.00	26.00
Little Rock.....	25.25	25.25	25.50	26.00	25.75	25.75

LIVERPOOL COTTON EXCHANGE TEMPORARILY CLOSED.—On Wednesday, June 20, the New York Cotton Exchange was advised of the temporary suspension in dealings in futures on the Liverpool market in the following cablegram: "Pending consultation to-morrow with the President of the Board of Trade and in accordance with his wishes, the directors have decided that the futures markets, both American and Egyptian, be closed temporarily." As a result of the consultation the Board of Trade issued on the 28th an order under the Defense of the Realm Act, forbidding, except under license, any purchase or sale of raw cotton. Following this, the Liverpool Cotton Association at a meeting held the same day adopted its new rules regulating trades in futures, which henceforth is to be confined to buying by spinners or importers against sales of actual cotton. "Straddles" or speculative dealings are forbidden. The prices of futures will be advanced or reduced from time to time by the committee on the basis of prices prevailing in the Southern States of the United States for American futures and in Alexandria for Egyptian futures. The futures market reopened this morning at fixed prices, which were those prevailing at the close on the 20th.

HAVRE COTTON MARKET CLOSED.—According to an announcement from the Department of Commerce, the cotton futures market at Havre has been closed. Under date of June 26 the Department published the following cable from the American Consul at Havre: "Governmental decree closes temporarily from to-day Havre cotton future market and forbids publication of local cotton quotations."

WEATHER REPORTS BY TELEGRAPH.—Our telegraphic advices this evening from the South are on the whole favorable. Beneficial rains have fallen in many sections and an improvement in the crop is noted, but some districts are still in need of moisture. From Texas we are advised that much of the State has been benefited by rain but that in other localities the drought is unbroken.

Galveston, Tex.—Precipitation occurring in the central portion of the State and in different localities in the southwestern section was beneficial for cotton, but in some places was insufficient to break the drought. The plant is standing the drought well but is not making much headway and late-planted cotton is dying out in some localities. It has rained on two days of the week, the rainfall reaching sixty-four hundredths of an inch. The thermometer has averaged 82, the highest being 88 and the lowest 76.

Abilene, Tex.—Dry all the week. The thermometer has averaged 82, the highest being 98 and the lowest 66.

Brenham, Tex.—There has been rain on four days during the week, the rainfall being seventy-two hundredths of an inch. Thermometer has ranged from 72 to 99, averaging 86.

Brownsville, Tex.—Dry all the week. Minimum thermometer 74, highest 96, average 85.

Dallas, Tex.—We have had rain on two days during the week, the rainfall being forty-four hundredths of an inch. The thermometer has ranged from 70 to 97, averaging 84.

Fort Worth, Tex.—It has rained on two days of the week, the precipitation being one inch and seventy-six hundredths. Average thermometer 82, highest 96, lowest 68.

Henrietta, Tex.—We have had rain on one day during the week, the rainfall being one inch and twenty-five hundredths. The thermometer has averaged 83, the highest being 104 and the lowest 61.

Kerrville, Tex.—We have had rain on one day during the week, the rainfall being one inch and sixty hundredths. The thermometer has ranged from 64 to 97, averaging 86.

Lampasas, Tex.—We have had rain on one day during the week, to the extent of forty-five hundredths of an inch. Average thermometer 85, highest 102, lowest 62.

Longview, Tex.—We have had no rain during the week. The thermometer has averaged 87, the highest being 101 and the lowest 72.

Nacogdoches, Tex.—There has been no rain during the week. The thermometer has ranged from 67 to 95, averaging 81.

Palestine, Tex.—It has rained on one day of the week, the rainfall reaching sixty-eight hundredths of an inch. Minimum thermometer 70, highest 96, averaging 83.

San Antonio, Tex.—It has rained on one day of the week, the rainfall reaching two hundredths of an inch. The thermometer has averaged 84, ranging from 70 to 98.

Weatherford, Tex.—There has been no rain during the week. The thermometer has ranged from 69 to 100, averaging 85.

Ardmore, Okla.—The week's rainfall has been sixty-eight hundredths of an inch, on five days. Average thermometer 81, highest 101 and lowest 62.

Eldorado, Ark.—We have had rain on one day of the past week, the rainfall being seventy hundredths of an inch. The thermometer has averaged 82, ranging from 67 to 97.

Little Rock, Ark.—We have had rain on two days during the week, the rainfall being sixteen hundredths of an inch. The thermometer has ranged from 68 to 92, averaging 80.

New Orleans, La.—There has been rain on two days of the week, to the extent of one inch and ninety-one hundredths. The thermometer has averaged 82, the highest being 92 and the lowest 72.

Alexandria, La.—We have had rain on two days of the week, the rainfall reaching ninety hundredths of an inch. The thermometer has averaged 83, ranging from 68 to 98.

Shreveport, La.—There has been a trace of rain on one day during the week. The thermometer has ranged from 71 to 96, averaging 83.

Columbus, Miss.—We have had rain on one day during the week, to the extent of fifty-seven hundredths of an inch. Average thermometer 85, highest 103, lowest 67.

Vicksburg, Miss.—Rain has fallen on two days during the week, the precipitation reaching twenty-four hundredths of an inch. The thermometer has averaged 80, ranging from 68 to 93.

Mobile, Ala.—Several heavy rains and many scattered showers in the interior have improved the condition of cotton. The plant is now growing and fruiting nicely. Weevils are making slow progress. There has been rain on two days during the week, to the extent of eleven hundredths of an inch. Thermometer has ranged from 69 to 96, averaging 81.

Selma, Ala.—We have had rain on two days during the week, the precipitation being one inch and eighty hundredths. The thermometer has averaged 82, the highest being 96 and the lowest 69.

Madison, Fla.—We have had rain on three days of the week, the rainfall reaching one inch and forty-five hundredths. The thermometer has averaged 81, ranging from 69 to 95.

Albany, Ga.—It has rained on two days of the week, the rainfall reaching twenty-five hundredths of an inch. Minimum thermometer 85, highest 102, average 68.

Atlanta, Ga.—There has been rain on one day of the week, to the extent of thirteen hundredths of an inch. The thermometer has averaged 80, the highest being 95 and the lowest 65.

Savannah, Ga.—Rain has fallen on one day during the week, the precipitation reaching one hundredth of an inch. Thermometer has averaged 81, ranging from 68 to 95.

Charleston, S. C.—There has been rain on one day during the week, to the extent of one hundredth of an inch. The thermometer has ranged from 75 to 87, averaging 81.

Greenville, S. C.—It has rained on one day of the week, the rainfall reaching eleven hundredths of an inch. The thermometer has averaged 80, ranging from 60 to 100.

Charlotte, N. C.—There has been rain on two days of the week, to the extent of one inch and thirty hundredths. The thermometer has averaged 80, ranging from 67 to 94.

Weldon, N. C.—There has been rain on four days during the week, the rainfall being twenty hundredths of an inch. The thermometer has ranged from 62 to 100, averaging 81.

Memphis, Tenn.—Weather dry, hot and forcing, and cotton shows much improvement. We have had no rain during the week. The thermometer has averaged 82, the highest being 94 and the lowest 72.

WORLD'S SUPPLY AND TAKINGS OF COTTON.

Table with columns for Cotton Takings, Week and Season, 1916-17, and 1915-16. Rows include Visible supply June 22, American in sight to June 29, Bombay receipts to June 28, etc.

\* Embraces receipts in Europe from Brazil, Smyrna, West Indies, &c. a This total embraces the estimated consumption by Southern mills, 3,863,000 bales in 1916-17 and 3,671,000 bales in 1915-16—takings not being available—and the aggregate amounts taken by Northern and foreign spinners, 12,304,219 bales in 1916-17 and 13,573,320 bales in 1915-16, of which 8,488,219 bales and 9,109,320 bales American. b Estimated.

BOMBAY COTTON MOVEMENT.

Table with columns for June 7, 1916-17, 1915-16, and 1914-15. Rows include Pombay with sub-columns for Week and Since Aug. 1.

ALEXANDRIA RECEIPTS AND SHIPMENTS.

Table with columns for Alexandria, Egypt, May 30, 1916-17, 1915-16, and 1914-15. Rows include Receipts (cantars) and Exports (bales).

Table with columns for Receipts (cantars) and Exports (bales) with sub-columns for Week, Since Aug. 1, and various destination categories.

Note.—A cantar is 99 lbs. Egyptian bales weigh about 750 lbs. This statement shows that the receipts for the week ending May 30 were 5,547 cantars and the foreign shipments 7,093 bales.

MANCHESTER MARKET.—Our report received by cable to-night from Manchester states that some business is being done in yarns and bleaching and finishing cloths. We give prices for to-day below and leave those for previous weeks of this and last year for comparison:

Table with columns for 1917 and 1916, comparing prices for 32s Cop Twists and 8 1/4 ds. Stripes. Includes rows for May, June, and various grades.

SHIPPING NEWS.—In harmony with the desire of the Government to observe secrecy as to the destination of cotton leaving United States ports, our usual details of shipment are suspended until further notice.

LIVERPOOL.—By cable from Liverpool we have the following statement of the week's sales, stocks, &c., at that port: Sales of the week, Of which speculators took, Sales, American, Actual exports, Forwarded, Total stock, etc.

The tone of the Liverpool market for spots and futures each day of the past week and the daily closing prices of spot cotton have been as follows:

Table with columns for Spot, Saturday, Monday, Tuesday, Wednesday, Thursday, Friday. Rows include Market, Mid. Up'ds, Sales, Spec. & exp., Futures, Market opened, Market, P. M.

The futures market re-opened on Friday, June 29, with the following fixed prices: June, 18.75d.; July-Aug., 18.30d.; Oct.-Nov., 17.25d.; Jan.-Feb., 16.60d.; Mar.-April, 16.42d.; and May-June, 16.26d.—unchanged from the close on June 20th, when the Exchange closed.

COTTON LINTERS FROM THE 1916-17 CROP.—The Bureau of the Census announced on June 22 that the quantity of linters secured from the 1916-17 crop during the period from Aug. 1 1916 to May 31 1917 was 1,278,768 bales of 500 lbs. each, this comparing with 930,469 bales for the same period last year, 856,900 bales in 1914-15 and 638,881 bales in 1913-14.

BREADSTUFFS

Friday Night, June 29 1917.

Flour has been more or less depressed in sympathy with a decline in wheat, better crop prospects, legislation to limit food exports and the smallness of the domestic demand pending further developments. The decline in North-western wheat markets has been quite a potent factor. Last Monday, Minneapolis cash prices dropped 20 to 25 cents. Definite action on the question of food control is naturally awaited with great interest. Later in the week, new soft winter wheat straights were offered at around \$10, with about \$9 to \$9.50 in June generally bid. Kansas straights have generally been quoted at something like \$10.75 to \$11. Exporters have bought old spring-wheat flour of the lower grades more freely. Liverpool has reported the market easier, with more liberal local mill offerings and free arrivals of foreign wheat. On the other hand, these advances concede that American and Canadian arrivals are held at high prices, the demand continuing good. Also it appears that despite some increase in the arrivals of foreign wheat, supplies of flour at Liverpool are light. South-western mills have been offering new flour in Chicago, it is stated, at much lower prices than dealers were asking for old flour. The output for the week, at Minneapolis, Duluth and Milwaukee was 248,000 barrels, against 311,000 barrels in the previous week, and 357,000 barrels for the same week last year.

Wheat has declined, owing to better crop news, the action in establishing an export committee, and the belief that food control legislation is only a question of time. There is an idea that possibly much wheat sold to neutrals will not be allowed to leave the country. Certainly there is a suspicion that corn sold for export may not leave America. It remains to be seen whether this will prove true in the case of wheat. In any event, it is believed that exports will be curtailed. The idea is that Canada will be asked to supply the Allies for a time until the United States Government can get a line on just what ought to be done about parting with any more of our own wheat to Europe, especially to neutral nations. Meanwhile crop reports are in the main favorable from the Northwest. Harvesting is expected to be general in Kansas next week. It has already commenced in that State. Harvesting of winter wheat is well under way in all Southern States. The winter wheat harvest is about ten days late in Kansas. Meanwhile country offerings are increasing. The question is asked, too, if the Government takes control of exports, how is domestic business to be managed? The uncertainty about the whole situation certainly militates distinctly against business. Trading has been on a small scale. Of late, as already intimated, the weekly weather and crop news has been favorable, not only for spring wheat, but also for winter. Harvesting in some cases is turning out to be better than had been expected. Also the quality of the new wheat so far is said to be exceptionally high. Recent rains have greatly benefited spring wheat and holders at the Northwest show more inclination to sell. New and old crops are coming together on a gradually lowering basis of prices. While country offerings are increasing, there is little demand for wheat to arrive. Argentina has reported the weather very favorable, and Buenos Aires prices have felt the pressure of a poor demand and a good crop outlook. Italian official reports state that there will be no shortage of wheat during the coming season. The harvesting is now expected to be good there and it is claimed that with strict economy, import needs will be only moderate. In France the weather is favorable, though the fact is not disputed that the plant is small. Liverpool advices take the ground that the general situation is more favorable from the point of view of immediate supply. They add that arrivals continue liberal at fair prices and that the consumption has been reduced. They state that with rigid enforcement of economy the world over and improving crop prospects, the approaching season will find supplies adequate. Meanwhile purchases are being made on a conservative scale. In India arrivals at the ports continue large and one estimate of the yield is 382,000,000 bushels, against 320,000,000 bushels last year. Also the wheat is of good quality. On the other hand, it is none the less true that the North American available supply last week fell off 4,529,000 bushels, against a decrease in the same week last year of 689,000 bushels. The total is now only 42,602,000 bushels, against 103,499,000 at this time last year. The French crop is estimated at 144,000,000 bushels, or about half the normal. France will have to import heavily. Italy will call upon America and Australia to supply its wants for the present. Italian supplies are light and prices are high. In Russia the winter wheat outlook is unfavorable. That for spring wheat is only fair. Much replanting will be necessary. To-day prices advanced and reacted. Fear of Government control is a large factor. Chicago elevator interests have offered their plants to the Government. It is intimated from Washington that speculation

may be entirely stopped. The control of the wheat trade by the Federal authorities, it is said in Washington dispatches, is to be absolute.

DAILY CLOSING PRICES OF WHEAT FUTURES IN NEW YORK. No. 2 red. Sat. Mon. Tues. Wed. Thurs. Fri. No. 2 yellow. Sat. Mon. Tues. Wed. Thurs. Fri.

Indian corn advanced for a time, and then reacted, owing to more favorable weather, fears of an embargo on exports and the effects of prohibition. At Chicago they have had an idea that neutral countries might not be allowed to receive all the corn that they have bought.

DAILY CLOSING PRICES OF NO. 2 MIXED CORN IN NEW YORK. No. 2 yellow. Sat. Mon. Tues. Wed. Thurs. Fri. DAILY CLOSING PRICES OF CORN FUTURES IN CHICAGO.

Oats declined for a time in sympathy with other grains, and also because of favorable crop reports and a fear that barley will come in competition with oats if the prohibition feature of the Food Control bill passes the United States Senate.

DAILY CLOSING PRICES OF OATS IN NEW YORK. Standards. No. 2 white. DAILY CLOSING PRICES OF OATS FUTURES IN CHICAGO.

The following are closing quotations:

FLOUR. Winter, low grades. Spring, low grades. Winter patents. Kansas straights, sacks. Winter straights. City patents. Spring patents. Rye flour. Spring straights. Buckwheat flour. Spring clears. Graham flour. GRAIN. Wheat, per bushel. Corn, per bushel. N. Spring, No. 1, new. No. 3 mixed. Red winter, No. 2, new. No. 2 yellow. Hard winter, No. 2. Argentina. Oats, per bushel, new. Rye, per bushel. Standard. New York. No. 2, white. Western. No. 3, white. Barley, malting. No. 4, white. Barley, feeding.

The statements of the movement of breadstuffs to market indicated below are prepared by us from figures collected by the New York Produce Exchange. The receipts at Western lake and river ports for the week ending last Saturday and since Aug. 1 for each of the last three years have been:

Receipts at— Flour, Wheat, Corn, Oats, Barley, Rye. Chicago. Minneapolis. Duluth. Milwaukee. Toledo. Detroit. Cleveland. St. Louis. Peoria. Kansas City. Omaha. Tot. wk. 1917. Same wk. '16. Same wk. '15. Since Aug. 1. 1915-17. 1915-16. 1914-15.

Total receipts of flour and grain at the seaboard ports for the week ended June 23 1917 follow:

Receipts at— Flour, Wheat, Corn, Oats, Barley, Rye. New York. Philadelphia. Baltimore. N'port News. New Orleans. Montreal. Boston. Tot. wk. 1917. Since Jan. 1 '17. Week 1916. Since Jan. 1 '16.

\*Receipts do not include gain passing through New Orleans for foreign ports on through bills of lading.

The exports from the several seaboard ports for the week ending June 23 are shown in the annexed statement:

Exports from— Wheat, Corn, Flour, Oats, Rye, Barley, Peas. New York. Boston. Baltimore. Newport News. Total week. Week 1916.

The destination of these exports for the week and since July 1 1916 is as below:

Exports for Week and Since July 1 to— Flour, Wheat, Corn. United Kingdom. Continent. So. & Cent. Amer. West Indies. Brit. No. Am. Colon. Other countries. Total. Total 1915-16.

The world's shipments of wheat and corn for the week ending June 23 1917 and since July 1 1916 and 1915 are shown in the following:

Exports. Wheat, Corn. North Amer. Russia. Danube. Argentina. Australia. India. Oth. countries. Total.

\* North America.—The Canadian Government has officially prohibited the issuance of both manifests and exports until ten days. This is effective during the continuance of the war.

The quantity of wheat and corn afloat for Europe on dates mentioned was as follows:

	Wheat.			Corn.		
	United Kingdom.	Continent.	Total.	United Kingdom.	Continent.	Total.
June 23 1917.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.
June 16 1917.	Not avail able	Not avail able				
June 24 1916.			57,864,000			13,277,000
June 26 1915.			44,224,000			19,947,000

The visible supply of grain, comprising the stocks in granary at principal points of accumulation at lake and seaboard ports June 23 1917 was as follows:

	GRAIN STOCKS.					
	Wheat.	Corn.	Oats.	Rye.	Barley.	
United States—	bush.	bush.	bush.	bush.	bush.	
New York	3,031,000	225,000	2,009,000	101,000	514,000	
Boston	168,000	9,000	469,000	3,000		
Philadelphia	962,000	53,000	458,000	16,000	2,000	
Baltimore	953,000	898,000	671,000	467,000	85,000	
Newport News			500,000			
New Orleans	539,000	476,000	1,775,000		303,000	
Galveston	1,726,000	125,000				
Buffalo	3,667,000	133,000	54,000		5,000	
Toledo	98,000	20,000	42,000	1,000		
Detroit	209,000	58,000	101,000	12,000		
Chicago	154,000	427,000	2,115,000	8,000	47,000	
Milwaukee	28,000	109,000	281,000	14,000	33,000	
Duluth	634,000		241,000	1,000	58,000	
Minneapolis	2,723,000	2,000	2,183,000	34,000	303,000	
St. Louis	87,000	90,000	180,000	1,000	18,000	
Kansas City	265,000	114,000	34,000	4,000		
Peoria	10,000	115,000	193,000			
Indianapolis	28,000	423,000	146,000			
Omaha	43,000	4,000	76,000	1,000		
On lakes	228,000				39,000	
On canal and river	166,000				10,000	
Total June 23 1917.	15,059,000	3,243,000	11,531,000	663,000	1,417,000	
Total June 16 1917.	20,142,000	3,437,000	13,792,000	523,000	1,435,000	
Total June 24 1916.	42,647,000	7,768,000	14,066,000	501,000	1,940,000	

\*Including Canadian wheat now duty free.  
 Note.—Bonded grain not included above: Oats, 1,967,000 New York, 301,000 Boston, 65,000 Baltimore, 1,206,000 Buffalo, 284,000 Duluth; total, 3,823,000 bushels, against 6,265,000 in 1916; and barley, 285,000 New York, 5,000 Baltimore, 165,000 Buffalo, 30,000 Duluth; total, 485,000, against 359,000 in 1916.

Canadian—					
Montreal	1,327,000	969,000	3,761,000	216,000	288,000
Ft. William & Pt. Arthur	6,643,000		5,776,000		
Other Canadian	3,028,000		4,407,000		

Total June 23 1917.	10,998,000	969,000	13,939,000	216,000	288,000
Total June 16 1917.	10,384,000	1,161,000	16,902,000	215,000	248,000
Total June 24 1916*	24,187,000	139,000	12,020,000	64,000	109,000

Summary—					
American	15,059,000	3,243,000	11,531,000	663,000	1,417,000
Canadian	10,998,000	969,000	13,939,000	216,000	288,000
Total June 23 1917.	26,057,000	4,212,000	25,470,000	879,000	1,705,000
Total June 16 1917.	30,526,000	4,598,000	30,694,000	738,000	1,683,000
Total June 24 1916.	66,834,000	7,908,000	26,086,000	565,000	2,049,000

**WEATHER BULLETIN FOR WEEK ENDING JUNE 26.**—The influences of weather on the crops as summarized in the weather bulletin issued by the Department of Agriculture for the week ending June 26 were as follows:

**WINTER WHEAT.**—The weather during the week was generally favorable for the harvesting and ripening of winter wheat in the central district. Harvesting was practically completed in Texas, and threshing is under way in Texas, and was begun in Oklahoma and Arkansas. Harvesting was finished in both central counties of North Carolina, and was begun in the northern portion of North Carolina during the week. The harvest advanced as far north as Orange County, Va., on the 23d, and in general wheat heads are well filled and heavy in this State. The crop is ripening in Southern Ohio, Indiana and Illinois and beginning to ripen in all north-eastern counties of Kansas, where harvest is not more than a week or two distant. The wheat was improved and heading well in the northern parts of the winter wheat area, including Pennsylvania, Michigan and Northern Illinois. The condition was satisfactory in Missouri, and while the crop is heading late in Iowa it is making good growth. There was some damage by dry weather in Southwestern Nebraska.

**SPRING WHEAT.**—The cool weather which prevails in most of the spring wheat areas during the week was generally favorable for this crop. The scattered showers which occurred were also beneficial in most sections and early sown wheat was making good growth in North Dakota. Some late sown is needing rain badly, however, in some sections of the State as there was too little rain for the best development of the crop. Spring wheat was greatly improved in the southern portions of that State. The prospects are fine for spring wheat in South Dakota and the crop is heading in the southern sections. The crop is late in Montana, but it is in generally good condition.

**COTTON.**—The temperature was somewhat above the normal in the greater part of the cotton belt, and the nights were much warmer than during the week of June 19. The difference in night temperatures was especially marked and so far as the temperature is concerned the weather was favorable for the growth of cotton except that the first part was somewhat too cool in the extreme Eastern States. In the northern part of the cotton belt lack of rainfall was favorable and the work of cultivation progressed satisfactorily. Cotton stood the dry weather in the extreme southern parts of the district better than most other crops, but it is making slow growth, and late planted is dying in some localities in Texas. As a whole the crop is backward in that State, the first bale was marketed at Eastern Texas on the 25th. The first was marketed in 1916 on June 10.

In Louisiana the crop is small and seeding poorly, and it continues everywhere small in Mississippi. In Alabama, while the plant was small, cotton has a fair stand and squares are forming in southern and central portions. In Georgia the cotton was withstanding the drought well and though small was growing nicely. It was blooming generally in that State. In Florida the cotton is backward, but the crop is generally doing well. In North Carolina the plants are small but improving, and mostly of good color. In Arizona the hot weather was favorable for the further improvement of cotton and it was blooming at the end of the week. There were some complaints of injury by lice in North Carolina and Mississippi and boll weevil are indicated in some localities in the lower Mississippi Valley and in Southern Georgia and Alabama.

**CORN.**—With much warmer weather and light scattered showers which prevailed in the central part of the country, the conditions were very favorable for the development of the corn crop. In Illinois, it was the most favorable week of the season, except where rain was needed in extreme south. In Iowa the conditions were exceptionally favorable and rapid progress was made in cultivation, some fields having been plowed the second time. Considerable replanting was done in the low lands in Missouri, Central Mississippi and Ohio River valleys. In Nebraska the stand of corn is unusually good and it made rapid growth, but it is still small. In Kansas the crop is backward, but is standing the dry weather better than would be expected. In Oklahoma there was some damage by drought and hot winds, but on the whole corn is still promising and made some improvement. It was tasseling in the southern part of the State. The showers at the close of the week were insufficient to break the drought in Texas and came too late for some of the corn. Considerable damage was done in other Southern States where the drought prevailed and upland corn is reported to be firing badly in southeastern districts. The nights were

much too cool in the extreme north and the growth of corn was retarded in the upper Mississippi Valley as well as in the Northeastern States. Much replanting of sweet corn will be necessary in maize.

**THE DRY GOODS TRADE**

New York, Friday Night, June 29 1917.

When comparing business in the dry goods markets with that which has been transpiring during the past month or so, trade at present is rather quiet. The volume, however, is well above that of the corresponding period in normal years. The market appears to be undergoing a resting spell with both buyers and manufacturers endeavoring to get a clearer view of the future. Mills are booked well ahead and hesitate to accept further business until they are more assured as to whether they will be able to secure sufficient supplies of raw material to manufacturer the goods with. Demand since the United States entered into the European war has exceeded production and has greatly reduced surplus stocks, and manufacturers have such a large amount of business on their books for Government account that ordinary business will have to be scaled down. Furthermore mills are becoming greatly concerned as to their ability to keep up their present rate of production as labor conditions are not improving and in fact are growing worse in some localities. Skilled operatives are becoming difficult to obtain, and the number available is expected to be further reduced by the conscription. The raw material situation is also adding to the troubles of mills, as supplies are light, outlook for the new cotton crop not any too favorable while prices are high with prospects of their continuing so. At present mills everywhere are working on a record breaking scale and the percentage of idle spindles is very small. The thing is, will they be able to continue? Prices for all classes of goods continue to be firmly maintained at recent high levels. Yarns, in sympathy with the strength of raw material, are also very strongly held and according to reports, spinners in many cases are unable to satisfy the needs of manufacturers. It is estimated that fully 20,000,000 pounds of yarns will be needed to meet the Government's requirements of duck alone. Retail business throughout the country, despite the more favorable weather, has been less active during the week, and it is becoming more evident that the high prices are beginning to restrict trade. A fair demand for goods is reported for export account notwithstanding the high level of prices, but business continues to be interfered with by the scarcity of shipping facilities.

**DOMESTIC COTTON GOODS.**—Aside from a moderate export inquiry, demand for staple cottons has been quiet during the week. The less activity, however, is believed to be due largely to the sold up condition of mills and their refusal to accept additional business. Many are fully occupied in meeting the requirements of the Government and are discouraging orders through ordinary channels. Goods for prompt delivery are becoming very difficult to obtain, and stocks of all lines of fabrics are rapidly decreasing. Furthermore many fabrics have been entirely withdrawn from sale, while others are held on a strictly "at value" basis. The high prices, too, are having a tendency to check business, particularly retail. The record rise in cotton is increasing the cost of living in many directions which is being especially felt among the poorer classes. For instance, table cloths, sheetings and many other lines which are actual necessities are advancing as the cost of the raw material continues to go up. Therefore, it is natural that they should be used more carefully and made to last longer than when they can be obtained for less money. Demand for heavy goods from bagging manufacturers has fallen off as prices have reached a level too close to burlaps to make them attractive. Gray goods markets while very firmly held have likewise ruled quiet. With cotton moving around from one price to another, buyers have been inclined to hold off until the situation becomes more settled. Gray goods, 38-inch standard, are quoted at 11c.

**WOOLEN GOODS.**—The chief feature in markets for woollens and worsteds has been the opening of certain lines of dress goods for next spring and summer. Buyers attended the openings in large numbers, and according to reports a good business was booked at prices much higher than a year ago. Aside from the new openings, demand has been quiet, although there is still a fair inquiry from Government agents. Cutters-up are said to be doing very little in the market, while retail trade is also quiet. Prices in general are firmly maintained in sympathy with the raw material situation.

**FOREIGN DRY GOODS.**—Quietness has prevailed in linen markets, with only a moderate demand noted for household goods from summer resorts, and some inquiry from the Government for cloths used in the manufacture of aeroplanes. Prices for all lines of linens continue very firm with further upward revisions intimated as the Belfast market is reported to be advancing. Arrivals have improved during the week, but as the supplies have passed rapidly into the hands of distributors and consumers, stocks have failed to show any material increase. Retail business in dress linens is falling below expectations as cotton substitutes are being used in their place in many cases. As a result of the increasing demand for the latter, prices for these are also advancing. Burlaps continue to be in active demand with supplies light. Prices are firm with light weights quoted at 10.00c. and heavy weights at 13.00c.

## STATE AND CITY DEPARTMENT.

## News Items.

**Canada (Dominion of).—New Loan to Great Britain.—Canadian Pacific Ry. Lends to Canada for War Purposes.**—See reference to both of these in our editorial columns last week.

**France (Republic of).—Second Export Credit to be Repaid.**—Reference to this is made in our editorial columns this week.

**Illinois.—Legislature Adjourns.**—The 50th General Assembly ended its session at 7:30 a. m. June 17. The members were to have returned messages from the Governor and then adjourn sine die. The four measures favorably acted upon which, it is said, are of the most far-reaching importance, are:

Joint resolution proposing submission to the voters of the question of holding a constitutional convention.  
Administrative code bill consolidating overlapping State boards, commissions and other agencies and creating new departments of finance, agriculture, trade and commerce, public welfare, labor, mines and minerals, public works and buildings, health and registration and education.  
Private bank regulation bill requiring all private banks to incorporate and come under State supervision by Jan. 1 1921.

Sixty-million-dollar bond issue providing for the construction of 4,400 miles of hard roads, and companion bill raising automobile license fees to finance the bond issue.

The administrative code bill is the only one, it is said, of the four measures which becomes effective July 1. The other three are subject to referendum at the November 1918 election.

**Massachusetts.—Income Tax Law Declared Constitutional by State Supreme Court.**—The income tax law of Massachusetts (Chapter 269, General Acts of 1916) approved by Governor McCall on May 26 1916 and referred to at length in these columns on May 20 1916, has been declared constitutional by the State Supreme Court, and as a result writs of mandamus will be issued, it is said, to compel Eliot T. Putnam of Milton, and Susan E. Garfield of Boston, to file complete returns with the State Tax Commission of income received by them in 1916.

According to the Boston "Transcript" of June 28 the questions considered by the Court were (1) whether excesses of gains over losses in the purchase and sale of intangible property by one not engaged in the business of dealing in such property; (2) whether gains derived from the sale of rights to subscribe for new shares of stock issued by an existing corporation; (3) whether a stock dividend declared and issued by a corporation, after the statute became effective, out of an accumulation of profits earned and invested in its business, before the statute was enacted; and (4) whether a cash dividend declared and passed after the law became effective, out of profits earned before the statute went into operation, are severally taxable as income.

The majority of the Court, it is said, answered the first three questions in the affirmative, and the Court was unanimously in the affirmative on the last question.

**Maryland.—Special Session of Legislature Adjourns.**—The Legislature, which convened in special session June 12, adjourned sine die on June 27.

**Woman Suffrage Defeated by House.**—The House of Delegates on June 21 defeated for the time being woman suffrage for Maryland, by a vote of 56 to 41, it is stated.

**Missouri.—Loan Arranged to Pay State Deficiencies.**—The State Treasurer sends us the following letter giving the facts in connection with the \$2,000,000 loan arranged for by the Governor on account of the State, with the Clearing House banks of St. Louis, for the payment of certain deficiencies. The Clearing House banks agreed to accept the State's liabilities for that amount, the liabilities to be in the form of statutory warrants. These warrants are now being issued and bear 4% interest and will be dated July 2, payable from time to time, the whole to be paid not later than Dec. 31 1918, and as fast as the revenues may be available for their payment. The State Treasurer's letter follows:

William B. Dana Co., New York  
Dear Sir: In reply to yours of June 21 relative to the matter of the \$2,000,000 loan contemplated by the Governor, beg to advise as follows:

At the beginning of the present year, Jan. 1 1917, the Governor as well as the present administration, faced a deficit of about \$2,000,000 on account of unpaid claims during the years 1915-1916 and in order to meet this the Governor agreed with the Clearing House banks of St. Louis for a loan of \$2,000,000. Or in other words, the Clearing House banks agreed to accept the State's liabilities for that amount, the liabilities to be in the form of statutory warrants, usually issued by the State in the payment of its obligations.

These warrants are now being issued and will bear date July 2, payable from time to time, the whole to be paid not later than Dec. 31 1918, and as fast as the revenues may be available for their payment. These warrants, or obligations, are to bear interest at the rate of 4% from date of issue until called for payment.

Believing that this fully covers the ground in the matter of these deficiencies and arrangement for their payment, I beg to remain,

Yours very truly,  
(Signed) G. H. MIDDLEKAMP,  
State Treasurer.

**Norfolk, Va.—Commission Form of Government Adopted.**—By a vote of 1,895 to 149 the question of establishing the commission form of government carried, it is stated, at the election held June 19.

**Pennsylvania.—Senate Passes \$5,000,000 Bond Measure.**—The State Senate on June 20 passed a bill, it is stated, authorizing the State to borrow money by the issuance of bonds, not exceeding \$5,000,000, for the purpose of repelling invasion, suppressing insurrections, and defending the Com-

monwealth in war. The measure originally fixed the maximum at \$20,000,000, but after careful consideration by members of the Senate, it was thought that a maximum of \$5,000,000 was sufficient to meet any emergency, in view of the fact that the Legislature has made a cash appropriation of \$2,000,000 for war emergency purposes. If no changes are made in the bill which has been sent to the House, the new bonds, when issued, will bear 3½% interest.

## Bond Proposals and Negotiations this week have been as follows:

**ACACIA SCHOOL DISTRICT, Imperial County, Calif.—BOND OFFERING.**—Proposals will be received until 2 p. m. July 2 by M. S. Cook, Clerk of Board of County Supervisors (P. O. El Centro), for \$6,000 6% building bonds voted June 4. Denom. \$500. Date June 18 1917. Principal and semi-annual interest payable at the County Treasury. Due \$500 yearly from June 18 1923 to 1933, inclusive. Certified or cashier's check for 5% of amount of bid, payable to the Chairman of Board of County Supervisors, required. Bonded debt, \$2,750. Assessed valuation, 1916-17 (equalized), \$395,188.

**ALLAMAKEE COUNTY (P. O. Waukon), Iowa.—BOND SALE.**—On June 22 the \$16,000 4½% coupon bridge funding bonds (V. 104, p. 2472) were awarded to Geo. M. Bechtel & Co. of Davenport at par. The Harris Trust & Sav. Bank of Chicago bid \$114,005. Denom. \$1,000. Date June 1 1917. Int. M. & N. Due on May 1 as follows: \$5,000 1920, 1921, 1922 and 1923. \$6,000 yearly from 1924 to 1931 incl., \$8,000 yearly from 1932 to 1937 incl. Total actual value of all property 1916, \$27,508,873.

**ALLENTOWN, Lehigh County, Pa.—BOND OFFERING.**—Proposals will be received until 9:30 a. m. July 3, by A. L. Reichenbach, Mayor, for \$212,500 4% coupon sewer bonds. Denoms. 375 for \$500 and 100 for \$250. Date July 2 1917. Int. J. & J. Due \$20,500 July 2 1922; \$25,000 July 2 1927; \$30,500 July 2 1932; \$37,000 July 2 1937; \$45,000 July 2 1942; and \$54,500 July 2 1947. Cert. check for 5% of the amount of bid, payable to the City of Allentown, required. Bonds are free of State tax.

**ALLIANCE, Stark County, Ohio.—BOND SALE.**—The Sinking Fund Trustees recently purchased, according to local papers, an issue of \$5,276 improvement bonds.

**ANDERSON-COTTONWOOD IRRIGATION DISTRICT (P. O. Anderson), Shasta County, Calif.—BOND OFFERING.**—Bids will be received until July 6 by the Board of Directors for \$368,000 of the \$775,000 irrigation system improvement bonds voted May 11 (V. 104, p. 2154).

**ARCHER COUNTY (P. O. Archer City), Tex.—WARRANT OFFERING.**—J. S. Melugin, County Judge, will receive bids until July 9 for \$80,000 6% 1-20-yr. road and bridge warrants. Denom. \$500. Int. semi-annual. Cert. check for \$500, required. Bonded debt, \$7,000. No floating debt. Taxable value, \$7,000,000. Purchaser to furnish court orders and print warrants.

**ARLINGTON SCHOOL DISTRICT, Riverside County, Calif.—BONDS VOTED.**—The question of issuing the \$50,000 school-building bonds (V. 104, p. 2260), carried, it is stated, at the election held June 12.

**ASCENSION PARISH, La.—BOND OFFERING.**—Further details are at hand relative to the offering on July 11 of the \$30,000 5% Road Dist. No. 2 highway-construction bonds (V. 104, p. 2570). Proposals for these bonds will be received until 11 a. m. on that day by Leon Newman, Pres. Board of Dist. Supers. (P. O. Geismar). Denom. \$300. Date July 1 1917. Prin. and semi-annual int. (J. & J.) payable at any bank, optional to purchaser. Due on July 1 as follows: \$900, 1918; 1919, 1920 and 1921; \$1,200 1922, 1923, 1924 and 1925; \$1,500, 1926, 1927, 1928 and 1929; \$1,800 yearly from 1930 to 1934, incl.; \$2,100, 1935 and 1936; \$2,400, 1937. Cert. check for 2½% of amount of issue, payable to the Treas. Bd. of Dist. Supers., required. Bonded debt, including this issue, \$80,000. No floating debt. Assess. val. of real estate and personal property in district 1916 \$837,570; actual true value (est.), \$3,500,000.

**ASHLAND, Boyd County, Ky.—BOND OFFERING.**—Sealed bids will be received until 7 p. m. July 2 by W. A. Manning, City Clerk, for \$100,000 of an issue of \$200,000 5% coupon school building bonds voted Nov. 7 1916. Denom. \$500. Date June 1 1917. Int. J. & D. at the Merchants' Bank & Trust Co., Ashland. Due \$5,000 yearly June 1 from 1918 to 1937 incl. Cert. check for \$5,000, payable to W. H. Clay, City Treas., required. Ten days will be allowed the successful bidder following the day on which bids are received to investigate the legality and validity of these bonds. Purchaser to pay accrued int. Bonded debt May 22 1917, \$51,000. Cash value of sinking fund, \$7,384.36. Assess. val. 1916, \$6,561,029; actual value of taxable property (est.), \$15,000,000. These bonds were offered without success as 4½% on June 4 (V. 104, p. 2472).

**ATLANTIC COUNTY (P. O. Atlantic City), N. J.—BONDS NOT TO BE RE-OFFERED.**—The County Collector advises us that the \$694,000 4% road bonds offered without success on Dec. 11 1916 (V. 104, p. 777) will not be re-offered.

**ATOKA SCHOOL DISTRICT (P. O. Atoka), Atoka County, Okla.—BOND SALE.**—E. D. Edwards of Oklahoma City has purchased an issue of \$28,000 school bonds at 101.

**AURORA SCHOOL DISTRICT (P. O. Aurora), Hamilton County, Neb.—BOND OFFERING.**—Sealed bids will be received until 8 p. m. July 2 by F. E. Edgerton, Sec. Bd. of Ed., for \$40,000 4% 20-year coupon building bonds. Auth. Sec. 6971, Rev. Stat. of 1913. Denom. \$1,000. Date June 1 1917. Int. ann. on June 1 at the State Treasury. Due June 1 1937. Cert. check for 1% payable to the Bd. of Ed., required. Bonded debt, excluding this issue (June 22 1917), \$30,000. No floating debt. Tax levy value (1-5 actual), \$850,000.

**AVOCA, Cass County, Neb.—WARRANTS VOTED.**—At a special election on June 20, \$5,000 warrants were favorably voted, according to reports, for the establishment of an electric-light system.

**BACON COUNTY (P. O. Alma), Ga.—BOND OFFERING.**—Bids will be received at any time by the County Clerk for the \$60,000 road, \$30,000 court-house and \$10,000 jail-erection 5% bonds authorized by vote of 258 to 190 at the election held June 14. Due \$5,000 yearly from 11 to 30 years, inclusive.

**BAXTER CREEK IRRIGATION DISTRICT, Calif.—BOND OFFERING.**—Sealed proposals will be received until 2 p. m. July 19 by the Secretary Board of Directors (P. O. Lassen) it is stated, for \$300,000 irrigation system improvement bonds.

**BAYLISS SCHOOL DISTRICT, Glen County, Calif.—BOND ELECTION.**—On July 7 an election will be held to vote on a proposition to issue \$7,000 school addition and improvement bonds, it is stated.

**BAYOU METO DRAINAGE DISTRICT NO. 1 (P. O. Lonoke), Lonoke County, Ark.—BOND OFFERING.**—Sealed bids will be received until 12 m. July 2 by M. L. E. Cox, Secy. Bd. of Dist. Comms., for \$370,000 drainage bonds. Bids are requested on bonds bearing 5%, 5½% and 6% int. Cert. check on some reputable bank for \$5,000, required.

**BELMONT GRADED SCHOOL DISTRICT, Gaston County, N. Caro.—BOND OFFERING.**—Proposals will be received until 12 m. to-day, June 30, by F. P. Hall, County Supt. of Schools (P. O. Belmont), for \$10,000 6% 30-year school bonds. Bonded debt, including this issue, \$35,000. Floating debt about \$1,500. Assess. val. 1917, \$1,800,000.

**BOYNE CITY, Charlevoix County, Mich.—BOND SALE.**—On June 19 an issue of \$25,000 5% street and bridge bonds was awarded to John F. McLean & Co. of Detroit at par less expenses. Denom. \$1,000. Date July 1 1917. Int. ann. on Sept. 20. Due \$1,000 yearly from 1923 to 1929, incl. and \$2,000 yearly from 1930 to 1938 incl.  
A similar issue of bonds was reported sold on April 5 to the Hanchett Bond Co. of Chicago as 4½%.—V. 104, p. 1515.

**BRISTOL COUNTY (P. O. Taunton), Mass.—TEMPORARY LOAN.**—On June 26 a loan of \$150,000 in anticipation of taxes, dated June 27 1917, and due Oct. 27 1917, was negotiated with S. N. Bond & Co., New York, at 5-39% discount. There were no other bidders.













bonds (V. 104, p. 2575) were awarded to J. S. Bache & Co., New York, for \$18,009 75—equal to 100.054.

**WESTERVILLE, Franklin County, Ohio.—BOND OFFERING.**—R. D. Bennett, Village Clerk, will receive bids until 12 m. July 14 for \$4,000 5% street-improvement assessment bonds. Denom. \$400. Date of sale. Due in equal installments for a period of ten years. Purchaser to pay accrued interest.

**WESTFIELD, Hampden County, Mass.—BOND SALE.**—On June 28 the following 4 1/2% coupon bonds, aggregating \$8,500, were awarded to R. L. Day & Co. of Boston at 100.06 and int.: \$6,500 bridge bonds. Denoms. \$1,000 and \$500. Due \$1,500 June 1 1918 and \$1,000 June 1 1919 to 1923 incl. 2,000 protection bonds. Denom. \$1,000. Due \$1,000 June 1 1918 and 1919. Adams & Co. of Boston bid 100.04.

Date June 1 1917. Prin. and semi-annual int. (J. & D.) payable at the First Nat. Bank, Boston. These bonds are tax-exempt in Mass. Bonded debt, including these issues, \$554,000. Water debt, \$35,000. Assess. val. 1916, \$12,848,808 30.

**WEST WARWICK (P. O. Riverpoint), Kent County, R. I.—NO BONDS TO BE ISSUED.**—The Act providing for the issuance of the \$100,000 town-hall bonds (V. 104, p. 283) was defeated by the State Legislature.

**WHITE OAK RURAL INDEPENDENT SCHOOL DISTRICT NO. 8, Keokuk County, Iowa.—BOND OFFERING.**—Charles Broililar, District Treasurer, will sell at public auction at 1 p. m. to-day (June 30) at the Keokuk County State Bank in Sigourney, \$1,200 4 1/2% building bonds. Denom. \$400. Date July 1 1917. Interest semi-annual. Due \$400 July 1 1920, 1923 and 1926. Certified check for \$100, payable to the District Treasurer, required. This district has no indebtedness.

**WICHITA COUNTY (P. O. Wichita Falls), Texas.—BOND OFFERING.**—Sealed bids will be received until 9 a. m. July 10 by Harvey Harris, County Judge, for the \$750,000 5% road impt. bonds authorized by vote of 1646 to 422 at an election held May 24 1917. Denom. \$1,000. Date July 10 1917. Prin. and semi-annual int. (A. & O.), payable to the Hanover Nat. Bank, N. Y., or the Co. Treas. office, Wichita Falls. Due \$19,000 yrly. April 10 from 1918 to 1927 incl., and \$560,000 April 10 1927, subject to call after 10 years. Cashier's or cert. check on some Texas national bank for \$25,000, required. Bonded debt, including this issue, \$1,131,000. No other indebtedness. Sinking fund, \$37,553 09. Taxable values of all property 1916, \$21,715,040; est. values, \$60,000,000. Sale to be subject to the approval of the Attorney-General of the bonds.

**WILLSHIRE, Van Wert County, Ohio.—BOND OFFERING.**—Bids will be received until July 2, it is stated, for \$23,000 5% street-improvement bonds. Denom. \$500.

**WINCHESTER, Clark County, Ky.—BOND OFFERING.**—Sealed bids will be received until 6 p. m. July 6 by S. B. Tracy, City Clerk, for

\$180,000 5% 30-year municipal water-works bonds. Interest semi-annual. Certified check for 2% of amount of bid, payable to W. R. Sphar, City Treasurer, required.

The validity of these bonds was upheld in a recent decision by the Kentucky Court of Appeals. See V. 104, p. 1722.

**WINNEBAGO COUNTY (P. O. Rockford), Ill.—NO BONDS TO BE ISSUED.**—Using newspaper reports, we stated in V. 103, p. 2361, that this county is contemplating the issuance of \$1,500,000 road bonds. We are now informed that these reports are erroneous.

**WOOD COUNTY (P. O. Bowling Green), Ohio.—BOND OFFERING.**—R. S. Gillespie, Co. Aud., will receive proposals until 1 p. m. July 2, it is stated, for \$70,000 5% 2 1/2-5-yr. average road bonds. Int. semi-ann. Cert. check for \$1,000 required.

**YOUNGSTOWN, Mahoning County, Ohio.—BOND OFFERING.**—J. R. Edwards, City Aud., will receive proposals until 12 m. July 9 for the following 5% coup. or reg. (purchaser's option) bonds:

- \$5,000 hospital bonds. Due \$2,000 yrly. on Oct. 1 from 1920 to 1923 incl.
- 15,000 street-impt. city's portion. Due \$2,000 yrly. on Oct. 1 from 1920 to 1925 incl. and \$3,000 Oct. 1 1926.
- 7,000 police station equip. bonds. Due \$2,000 on Oct. 1 1919 and 1920 and \$3,000 Oct. 1 1921.
- 23,000 sub-police station bonds. Due \$4,000 yrly. on Oct. 1 from 1919 to 1923 incl. and \$3,000 Oct. 1 1924.
- 32,000 city's portion impt. bonds. Due \$5,000 yrly. on Oct. 1 from 1919 to 1924 incl. and \$2,000 Oct. 1 1925.
- 1,000 fire station-site bonds. Due Oct. 1 1919.
- 7,000 public-comfort-station bonds. Due \$2,000 on Oct. 1 1920, 1921 and \$3,000 Oct. 1 1922.
- 99,260 (19 issues) street and sewer bonds. Due part of each issue each year on Oct. 1 from 1918 to 1922 incl.

Date July 16 1917. Prin. and semi-ann. int. payable at the office of the Sinking Fund Trustees. Cert. check on a solvent bank for 2% of each block of bonds bid for, payable to the above City Aud., required. Purchaser to take bonds not later than July 16.

**Canada, its Provinces and Municipalities.**

**BARTON TOWNSHIP, Ont.—DEBENTURES PROPOSED.**—This township has decided to issue \$39,000 school debentures, according to reports.

**BONAR LAW SCHOOL DISTRICT, Man.—DEBENTURE SALE.**—C. H. Burgess & Co. of Toronto recently purchased \$1,800 7% 10-installment school debentures.

**GREATER WINNIPEG WATER DISTRICT, Man.—DEBENTURES NOT SOLD.**—No bids were received, it is stated, for the \$2,000,000 5%

**TRUST COMPANIES**

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**Girard Trust Company**

PHILADELPHIA

Chartered 1836

CAPITAL and SURPLUS, \$10,000,000

E. B. Morris, President.

\$30,000

**Putnam County, New York BONDS**

Sealed bids will be received by the undersigned up to twelve o'clock noon JULY 16, 1917, for the purchase of \$30,000 Highway Improvement Bonds, to be issued by the County of Putnam, New York.

Bonds will be payable \$2,000 on the first day of August in each year from 1918 to 1932, both inclusive, and will bear interest at Four and one-half per cent per annum, payable semi-annually on the first days of February and August.

Principal and interest payable in New York Exchange at the office of the County Treasurer, or at the First National Bank, Brewster, New York.

All bids must be accompanied by a certified check for Two per cent of the total amount issued.

The right is reserved to reject any and all bids. Bonds will be dated August 1, 1917.

Dated Brewster, N. Y., June 27, 1917. EDWARD D. STANNARD, County Treasurer of Putnam County.

The First National Bank of Walluku, located at Walluku, Maui, in the Territory of Hawaii, is closing its affairs. All noteholders and other creditors of the Association are hereby notified to present the notes and other claims for payment. (Signed) C. D. LUPKIN, Dated May 1, 1917. Vice-Pres. & Manager

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**NEW LOANS**

**CITY OF KANSAS CITY, MISSOURI**

\$50,000

WORKHOUSES AND HOUSES OF CORRECTION BONDS.

\$100,000

SEWER BONDS, SECOND ISSUE.

Sealed proposals will be received by the undersigned, the Mayor and the City Comptroller of Kansas City, Missouri, until JULY 13, 1917, AT 10 O'CLOCK A. M., for the purchase of all or any part of the following named bonds of the City of Kansas City, Missouri, in the following named amounts:

Workhouses and Houses of Correction Bonds \$50,000

Kansas City Sewer Bonds, Second Issue, 100,000

All of said bonds are in denominations of one thousand dollars each, and bear interest at the rate of four and one-half per cent per annum. The Workhouses and Houses of Correction Bonds, Nos. 76 to 125, inclusive, and the Kansas City Sewer Bonds, Second Issue, Nos. 101 to 200, inclusive, are dated July 1, 1915, and mature July 1, 1935. Interest is payable at the office of the City Treasurer in Kansas City, Missouri, or at the Chase National Bank of New York City, in the City and State of New York, at the option of the holder.

No bid will be received which is in whole or in part less than par. The legality of the bonds will be approved by the firm of Messrs. Dillon, Thomson & Clay, of New York City, whose opinion, or duplicate thereof, as to the legality of said bonds, will be delivered to the purchaser or purchasers of said bonds.

Each bid must be made on a blank form furnished by the city, and must be accompanied by a duly certified check on a solvent bank or trust company doing business in Kansas City, Missouri, payable to the order of the City Comptroller of Kansas City, Missouri, for two per cent of the par value of the bonds bid for. The right is reserved to reject any and all bids.

Bids will be received at the office of the Mayor, City Hall, Kansas City, Missouri, but no bid will be entitled to consideration unless so received by or before the hour above specified for receiving bids.

Delivery of the bonds will be made July 20, 1917, at 10 o'clock a. m., at the office of the City Comptroller, City Hall, Kansas City, Missouri.

Printed circulars containing more definite and detailed information with reference to said bonds, and blank forms for bids, can be had on application to the City Comptroller of Kansas City, Missouri, or to Messrs. Dillon, Thomson & Clay, Equitable Building, 120 Broadway, New York City.

GEORGE H. EDWARDS, Mayor of Kansas City, Missouri. EUGENE H. BLAKE, Comptroller of Kansas City, Missouri.

The First National Bank of Pala, located at Pala, Maui, in the Territory of Hawaii, is closing its affairs. All noteholders and other creditors of the Association are hereby notified to present the notes and other claims for payment. (Signed) C. D. LUPKIN, Dated May 1st, 1917. Vice-Pres. & Manager.

The Lahaina National Bank, located at Lahaina, Maui, in the Territory of Hawaii, is closing its affairs. All noteholders and other creditors of the Association are hereby notified to present the notes and other claims for payment. (Signed) C. D. LUPKIN, Dated May 1, 1917. Vice-Pres. & Manager.

5-year gold coupon water-works-system debentures offered on June 20 (V. 104, p. 2478.)

**HALTON COUNTY (P. O. Milton), Ont.—DEBENTURE OFFERING**—Wm. Panton, County Clerk, will receive tenders until July 10 for \$74,000 5% 20-year debentures.

**MOLESWORTH CONSOLIDATED SCHOOL DISTRICT, Man.—DEBENTURE SALE**—H. O'Hara & Co. of Toronto were recently awarded an issue of \$4,000 7% 20-installment debentures.

**MONTREAL, Que.—NO BIDS RECEIVED**—According to the Montreal "Gazette," no bids were received on June 20 for the loan of \$1,400,000 bearing 5% int. and maturing in 20 years, which the Legislature authorized the city to raise to cover the deficit for the current year.—V. 104, p. 1831.

**NORFOLK COUNTY (P. O. Simcoe), Ont.—DEBENTURE OFFERING**—Bids will be received until 2 p. m. to-day (June 30) by E. Boughner, County Clerk, for \$75,000 5% 15 installment patriotic purpose debentures. Debentures to be delivered to purchaser at Molsons Bank, Simcoe. Total debenture debt (incl. this issue), \$150,000. Equalized assessment for taxation, \$14,230.

**NORTH BAY, Ont.—DEBENTURE SALE**—On June 15 the three issues of 6% debentures aggregating \$52,472 94 (V. 104, p. 2265) were awarded to A. E. Ames & Co. of Toronto for \$50,830 54, equal to 96.87. Other bids were:  
Brent, Noxon & Co. .... \$50,240 50 | R. C. Matthews & Co. .... \$49,753 95  
MacDonald, Bullock & Co 50,190 00 | C. H. Burgess & Co. .... 49,387 53

**ROSTERN, Sask.—DEBENTURE SALE**—W. L. McKinnon & Co. of Toronto have been awarded, reports state, an issue of \$23,000 7% 20 installment electric-light debentures.

**SHERBROOKE PROTESTANT SCHOOL COMMISSION (P. O. Sherbrooke), Que.—DEBENTURE OFFERING**—C. O. Palmer, Sec.-Treas., will receive bids until 8:30 p. m. July 4 for \$75,000 5¼% 30-year serial school debentures.

**SOMMER SCHOOL DISTRICT, Man.—DEBENTURE SALE**—An issue of \$1,400 7% 10-installment school debentures has been purchased it is stated, by C. H. Burgess & Co. of Toronto.

**THAROLD, Ont.—DEBENTURE OFFERING**—Bids will be received until 8:30 p. m. July 2 by D. J. C. Munro, Town Treasurer, for \$40,400 6% 30-year installment debentures.

**TRIAL, B. C.—DEBENTURE SALE**—On June 18 the \$80,000 6% 20-year water-works-extension debentures (V. 104, p. 2265) were awarded to Sweet, Causey, Foster & Co., of Denver, at 93.50 and interest. Denom \$500. Date July 1 1917. Int. J. & J. Due July 1 1937.

**VIRDEN, Man.—DEBENTURE OFFERING**—Wm. Whiteford, Town Secy. & Treas., will receive bids until July 6, it is stated, for \$7,000 6% 25-installment subway debentures.

**WELLAND, Ont.—DEBENTURES AWARDED IN PART**—Report states that of the \$40,000 5½% 20-yr. hydro-electric-system debentures offered without success on May 17 (V. 104, p. 2160) \$6,000 has been disposed of. The remainder (\$34,000) will probably be taken by the City Sinking Fund.

FINANCIAL

**First Federal Reserve Trust Company**

We believe it is worthy of mention that the first Trust Company in New York to become a member of the Federal Reserve System was the **Broadway Trust Company** which joined in August, 1915. To-day this Institution still remains the only Trust Company member in the State of New York.

Our deposits on August 1, 1915, were \$20,585,000. On May 1, 1917, they had increased to \$30,954,000.

This growth indicates that our patrons have confirmed our judgment in joining the system, of which all national banks in the country are also members.

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FREDERIC G. LEE, President  
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General Manager: Sir Herbert Hambling

Financial

ATLANTIC MUTUAL INSURANCE COMPANY

New York, January 25th, 1917.  
*The Trustees, in conformity with the Charter of the Company, submit the following statement of its affairs on the 31st of December, 1916.*  
*The Company's business has been confined to marine and inland transportation insurance.*  
 Premiums on such risks from the 1st January, 1916, to the 31st December, 1916.....\$8,087,174.02  
 Premiums on Policies not marked off 1st January, 1916.....903,703.06  
**Total Premiums.....\$8,990,877.68**  
 Premiums marked off from 1st January, 1916, to 31st December, 1916.....\$7,855,092.25  
 Interest on the Investments of the Company received during the year \$337,271.78  
 Interest on Deposits in Banks and Trust Companies, etc.....103,475.76  
 Rent received less Taxes and Expenses.....109,638.08 \$ 550,385.62  
 Losses paid during the year.....\$3,360,156.87  
 Less: Salvages.....\$323,138.50  
 Re-insurances.....586,832.53 \$ 908,971.10  
**\$2,451,185.77**  
 Re-insurance Premiums and Returns of Premiums.....\$1,389,298.73  
 Expenses, including compensation of officers and clerks, taxes, stationery, advertisements, etc.....\$ 740,899.72

A dividend of interest of Six per cent. on the outstanding certificates of profits will be paid to the holders thereof, or their legal representatives, on and after Tuesday the sixth of February next.  
 The outstanding certificates of the issue of 1911 will be redeemed and paid to the holders thereof, or their legal representatives, on and after Tuesday the sixth of February next, from which date all interest thereon will cease. The certificates to be produced at the time of payment and canceled.  
 A dividend of Forty per cent. is declared on the earned premiums of the Company for the year ending 31st December, 1916, which are entitled to participate in dividend, for which, upon application, certificates will be issued on and after Tuesday the first of May next.  
 By order of the Board, G. STANTON FLOYD-JONES, Secretary.

- TRUSTEES.**  
 EDMUND L. BAYLIES, ANSON W. HALL, ANTON A. RAVEN,  
 JOHN N. BEACH, SAMUEL T. HUBBARD, JOHN J. HIKER,  
 NICHOLAS BIDDLE, LEWIS CASS LEDYARD, DOUGLAS ROBINSON,  
 JAMES BROWN, WILLIAM H. LEFFERTS, JUSTUS RUPERTI,  
 JOHN CLAFLIN, CHARLES D. LEVERICH, WILLIAM JAY SCHIEFFELIN,  
 GEORGE C. CLARK, GEORGE H. MACY, SAMUEL SLOAN,  
 CLEVELAND H. DODGE, NICHOLAS F. PALMER, WILLIAM SLOANE,  
 CORNELIUS ELBERT, WALTER WOOD PARSONS, LOUIS STERN,  
 RICHARD H. EWART, CHARLES A. PEABODY, WILLIAM A. STREET,  
 G. STANTON FLOYD-JONES, JAMES H. POST, GEORGE E. TURNURE,  
 PHILIP A. S. FRANKLIN, CHARLES M. PRATT, GEORGE C. VAN TUYL, Jr.,  
 HERBERT L. GRIGGS, DALLAS B. PRATT, RICHARD H. WILLIAMS.

**ASSETS.**

United States and State of New York Bonds	670,000.00
Stock and Warrants of the City of New York and Stocks of Trust Companies and Banks	1,773,550.00
Stocks and Bonds of Railroads	3,588,575.20
Other Securities	307,185.00
Special Deposits in Banks and Trust Companies	2,000,000.00
Real Estate cor. Wall Street, William Street and Exchange Place	3,900,000.00
Real Estate on Staten Island (held under provisions of Chapter 451, Laws of 1887)	75,000.00
Premium Notes	866,035.06
Bills Receivable	1,068,547.73
Cash in hands of European Bankers to pay losses under policies payable in foreign countries	206,311.93
Cash in Bank	2,808,785.77
Loans	135,000.00
<b>Total</b>	<b>\$17,458,990.74</b>

**LIABILITIES.**

Estimated Losses and Losses Unsettled in process of Adjustment	\$ 3,632,239.06
Premiums on Unterminated Risks	1,135,785.43
Certificates of Profits and Interest Unpaid	266,399.25
Returns Premiums Unpaid	106,624.24
Taxes Unpaid	174,943.50
Re-insurance Premiums on Terminated Risks	373,669.04
Claims not Settled, including Compensation, etc.	153,309.94
Certificates of Profits Ordered Redeemed, Withheld for Unpaid Premiums	22,557.84
Income Tax Withheld at the Source	1,210.29
Suspense Account	5,899.75
Certificates of Profits Outstanding	7,968,850.00
<b>Total</b>	<b>\$13,546,488.68</b>

Thus leaving a balance of.....\$3,912,502.06  
 Accrued interest on the 31st day of December, 1916, amounted to.....\$49,286.30  
 Rents due and accrued on the 31st day of December, 1916, amounted to.....\$25,933.03  
 Re-insurance due or accrued, in companies authorized in New York, on the 31st day of December, 1916, amounted to.....\$ 245,472.80  
 Note: The Insurance Department has estimated the value of the Real Estate on Staten Island in excess of the Book Value given above, at.....\$ 63,700.00  
 The Insurance Department's valuation of Stocks, Bonds and other Securities exceeds the Company's valuation by.....\$1,988,969.90  
 On the basis of these increased valuations the balance would be.....\$6,285,864.09

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