Wealth Markets and Commerce

Finance - Economics

WALL STREET OFFICE: Mills Building, 15 Broad St. — Telephone: Hanover 6514

Friday, September 14, 1917

Readjusting of business to war conditions is a slow process, but step by step progress is being made. Already the steel industry is practically under Federal control, the wool trade has assigned a certain proportion of its product to the government, and the change is manifested in other directions. In effect, industry has been partly conscripted. So far, however, nothing like selective conscription of industry on an important scale has been attempted. Yet there is likelihood that it will come if the war continues very long. The greatest economic difficulty the country will have to contend with is a shortage of labor. If the country should voluntarily go upon a basis of rigid economy, the problem would take care of itself. Labor now devoted to the production of non-essential things would automatically be shifted to the production of those things which are essential to the successful prosecution of the war. But while the "business as usual" slogan is no longer heard, expenditure as usual seems to be the rule rather than the exception. Certainly there is nothing to indicate that people are economizing in the consumption of goods to the extent necessary to make up for the deficiency created by the raising of large military forces and to insure an adequate supply of labor in the industries where it is vitally necessary. Therefore, assuming a war of long duration, the government may be compelled to force the saving of as much labor as is required to insure maximum output of war goods.

The process is not so complicated as might be supposed. The state may, for example, need more of a certain kind of machinery than plants engaged in that particular field can produce; but other plants, engaged in the production of machinery of a different type, could be readily shifted to the manufacture of the essential product, and under government orders the shift is made. It has been done in England, in France, and perhaps to an even greater extent in Germany. There is no good reason why it could not be done here—in fact, it was done on a relatively small scale when the munitions business afforded such alluring opportunities in this country—and there is little doubt that the shift will be made when the necessity for it becomes apparent to the Administration. Moreover, it does not follow that much hardship would result, for the government would be under a moral obligation to insure fair profits to the industries affected.

As a Railroad Man Sees the Credit Position

Financial Editor of The Tribune.

The suggestion made by Mr. Amster, of Boston, and other publicists, that the government should borrow several hundred million dollars from the public through the sale of bonds, and then loan this money to the railroads to enable them to increase their facilities for handling traffic, is one that ignores the fundamental weakness in the railway financial position.

A business man heavily in debt, and unable to provide new capital for an unprofitable undertaking, is not likely to be placed in a stronger position by the further piling up of his debt, no matter whether the rescuing credit is a private investor, a bank or the government itself.

If most business men in a particular industry in a country are making little or no profit, the working of the laws of supply and demand will inevitably drive many of them into other lines of industry; the output will be curtailed, and prices will then advance to permit its rise to a point that will make the business attractive to those who remain in it. The survivors will be those best equipped to continue the business.

But this economic readjustment cannot be made in the business of transportation by steam railways. Capital once invested in the building and operation of railways cannot be withdrawn.

These railways must continue transporting freight and passengers; they must meet their payrolls and their bills for supplies; they must maintain their tracks and equipment, and, more than this, they must, from some source or other, constantly obtain new capital for the expansion of their facilities to keep pace with the growth of the communities they serve.

A manufacturer, finding his operations becoming unprofitable, can bank his fires, discharge his workmen, and sell his buildings and machinery. But a railway must continue to operate night and day, in good times and bad.

The railway business in recent years, taken as a whole, has not been profitable. The prospect of a fair return on the investment has not been certain enough to attract capital, and capital is going into other ventures. But the railways must be financed—from $600,000,000 to $800,000,000 a year must be found to provide for their expansion.

How are these funds to be attracted? Mr. Amster and other well meaning folk tell us that, inasmuch as the business is so unprofitable to make difficult adequate financing by the public, the government should provide the capital.

In other words, the suggestion is that the government should be asked to invest the public funds in an unprofitable undertaking—to assume risks that individual investors decline to take. The weak roads would be the ones seeking aid—not those earning sufficient profit to attract the savings of investors. If these investments of the public funds were unprofitable, as they would in all likelihood be, the government would soon be sending good money after bad, trying to save its first investments, and, in the end, the public treasury (which means public taxation) would have to be resorted to to make up the losses.

The logical end of such a course of governmental participation in railway financing would be that the government, holding fourth, fifth and sixth liens on those weaker properties, would be obliged to step in and protect itself, assuming the prior mortgages, supplying more capital and operating the companies. This would be government ownership.

If Mr. Amster and those who agree with him want government ownership of the railways, they can quickly bring it on by entangling the national treasury in the financing of the weaker systems.

It is plain as a pikestaff that the investment of public funds by the Treasury in railway mortgages or short-time loans will not solve the problem of financing the growth of the railways.

New capital is a vital need; it must be provided. But any plan for providing this capital without provision for meeting the charges for this capital must lead to disaster.

The American public—the millions of thrifty people who save and invest for an income—are abundantly able to provide all the capital the railways need, and they would eagerly provide this capital if they were encouraged to do so.

The only encouragement the American investor needs is the encouragement the government can give—and the government alone can give—a reasonable assurance that funds invested in railroad expansion will return an income commensurate with that to be had in other ventures.

The production of transportation must be stimulated. Not only must more be produced from the present facilities, but there must be provided greater facilities to take care of future expansion of traffic.

Transportation must be encouraged just as agriculture is being encouraged. How has the government stimulated wheat raising? By guaranteeing the farmer a minimum price of $2 a bushel, as compared with $1 wheat before the war. In the twenty years preceding the war the average price of wheat was 84 cents. For the 1917 crop the government has established a price of $2.20, or 260 per cent above the average price.

But what of the price of transportation in this period of high prices? The twenty-year average price of transportation on all American railroads is three-quarters of a cent a ton-mile. With the rate advances recently granted, the "war level" of freight rates will be still below the twenty-year average. Wheat is being carried now at a less charge than when it was selling at 73 cents, or one-third its present government-guaranteed price. On the Eastern roads the average charge for carrying a ton of freight three miles is a 2-cent postage stamp.

Pig iron has doubled, tripled and quadrupled in price, and the railways are the largest buyers in the country of the products made from pig iron. Coal has doubled and tripled and quadrupled in price and the railways buy a quarter of all the coal used in this country. Wages have risen 10, 20, 30, 40, 50 and 60 per cent, adding to the cost of railway operation labor.

But the advances in freight rates recently granted by the government to enable the carriers to meet their rising costs will not, for the whole country, average more than 3½ per cent. And what is a 3½ per cent advance compared with 100, 200 and 300 per cent advance in basic commodities, like wheat, pig iron and coal?

The marvel of it is that the railways have been able, up to this time, to continue solvent and provide for the major part of their capital requirements. Operating economies, developed by American genius (like the increase in the average train load in the last ten years from 344 to 546 tons), have enabled the carriers to shoulder higher unit costs for labor and material. But it is plain that these economies—wonderful as they are under the circumstances—cannot be depended upon to keep pace with such a rise in prices as the world has seen in the last two years.

If investors had the assurance that rates for railway service would be adequate to insure a fair return on the property, there would be no difficulty in providing $1,000,000,000 of new capital every year, or any other amount, and, what is of even greater importance, this capital could be provided at a comparatively low cost; the credit of the carriers would be nearly as high as that of the government itself, if the government would support railway credit by guaranteeing fair rates.

In its decision in the 1910 rate case the Interstate Commerce Commission very concisely stated the situation as follows:

> It is generally conceded that within the next five years, for many years to come, if our means of transportation by rail are to keep pace with the growth of the country, very large sums must be expended in the way of new construction and new equipment. While some part of this may come from current earnings, the great bulk must be new capital, and that capital must be obtained from the investing public.
>
> If, therefore, we are to rely in the future, as we have in the past, upon private enterprise and private capital for our railway transportation, the return must be such as will induce the investment. It is therefore not only a matter of justice, but in the interest of the public as well, that an adequate return should be allowed upon railway investment.

That was seven years ago. Commissioner Harlan, in his opinion in the 1917 rate case, restated the proposition in these words:

> Our population and our commerce have largely expanded, and the demand for transportation facilities is increasing even faster. . . . So long as we look to private interests to furnish transportation service for the country we must see to it that the rewards are sufficient to attract capital for its further development. Under present conditions this appears not to be the case. . . . A rate is a public question, and the giving of an adequate return is in the public interest.

The only insurance for the future is an adequate rate policy. Railroad credit cannot lift itself by its bootstraps.

FRANK H. FAYANT.

New York, Sept. 14, 1917.

Silver Above $1 For First Time In 25 Years

Allies May Soon Hold Informal Conference on Situation

Silver sold above the dollar mark in the New York market yesterday, when commercial bars were quoted at $1.00½ per ounce. It was the first time in twenty-five years that the metal has touched that mark. The advance from the preceding day was 3½ cents. In London silver also touched a new high when it sold at 51 pence per ounce.

Concurrently with the fresh spurt in silver, it was reported in the local trade that plans were being laid for an informal conference of financial representatives of the Allied nations, principally Great Britain, France and the United States, for the purpose of discussing the silver situation. These countries are vitally interested, as is the whole world, owing to the abnormally heavy demand for silver for coinage purposes. It has been stated lately that the possibility of increasing the amount of silver coin which may be offered as legal tender both in England and France has been under discussion.

Predictions Fulfilled

The rise in silver to the dollar mark fulfils predictions made early in the spring that if the war continued the metal would go considerably higher than it was then quoted. If silver goes to $1.29 an ounce it will be on a parity with gold. Before the outbreak of the war silver was a drug on the market around 45 to 50 cents an ounce. The Mexican silver dollar, with a circulation value of 50 cents, now contains 80 cents' worth of silver bullion.

P. D. Handy, head of the firm of Handy & Harman, dealers in bullion and specie, and an authority on matters pertaining to the silver market, said yesterday that the chief explanation for the continued rise in silver prices was found in the natural working of the law of supply and demand. The demand, he said, was world-wide, and is far outstripping the supply of the metal.

Filling a Void

According to Mr. Handy's views, the vacuum in the world's metallic reserve, caused by the withdrawal of gold from circulation as a result of the war, is now being filled by paper and silver. The silver is being used in the coinage of the various countries on a larger scale than ever before, owing to the lack of gold and the fact that the amount of paper money that can be issued with safety is limited.

Another influence is the fact that the silver rupee of India has been made legal tender in Mesopotamia and Egypt. The result has been that large amounts of silver rupees have gone from India into those countries. This has been a drain on the India silver supply, and in order to replenish the supply India has bought silver from London, New York and China. China's sales of the metal in this country have exceeded 40,000,000 ounces, so that the shortage there is now being made up by purchases here.

It is learned that shipments of silver, which formerly went first to London and thence to the Far East are now being made direct from San Francisco, owing to the lower freight and insurance rates in force in the Pacific.

. . . country aggregated $5,045,056,979, according to this week's compilation of R. G. Dun & Co. This compares with $4,710,264,037 the preceding week and $4,779,954,952 two weeks ago.

Gold Exports.—It was learned yesterday that the machinery of the gold embargo announced this week is now in full operation. The local Federal Reserve Bank has already forwarded a number of applications for license to export the metal to Washington with its recommendations. It was reported that the first license was granted yesterday for a small shipment. The amount or the destination of the gold was not stated.

The Dollar in Foreign Exchange

Further improvement in the value of Russian rubles took place in the market yesterday, the rate rising to 17 cents and closing at 16½ cents, compared with 16 cents Thursday, and record low this week of 11¼ cents. The continued upturn in rubles is attributed to the improved political situation in Russia.

Other exchanges were quiet yesterday with moderate betterment noted in both French and Italian exchange. Scandinavian rates held firm, while there was a slight advance in Spanish pesetas.

Closing rates yesterday, compared with a week ago, are given in the table below. American bankers have suspended all dealings in German and Austrian exchange, so that daily quotations for either marks or kronen are no longer available.

(Quoted dollars to the pound.)	Yesterday.	Week ago.
Sterling, demand	$4.75½	$4.75½
Sterling, sixty days	4.71⅝	4.71¾
Sterling, cables	4.76 7/16	4.76 7/16
Sterling, ninety days	4.69⅜	4.69¾
(Quoted units to the dollar.)		
Francs, demand	5.79	5.77¾
Francs, cables	5.78	5.76¾
Lire, checks	7.73	7.67
Lire, cables	7.72	7.66
Swiss, checks	4.55	4.76
Swiss, cables	4.53	4.74
(Quoted cents to the unit.)		
Guilders, checks	42⅛	42
Guilders, cables	42¼	42⅛
Rubles, cables	16.50	17.60
Stockholm, kr., checks	33.70	33.60
Copenhagen, kr., ch'ks	30.60	30.40
Pesetas, checks	22.35	22.35

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current exchange value.	Intrinsic value.
Pounds, sterling	$4.75½	$4.86⅔
Francs	0.17.3	0.19.3
Guilders	0.42⅛	0.40.2
Rubles	0.16.50	0.51.2
Lire, checks	0.12.9	0.19.3
Crowns (Denmark)	0.30.60	0.26.8
Crowns (Sweden)	0.33.70	0.26.8

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, $4.75½. The intrinsic parity is $4.86⅝ per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Retail Trade Grows With Cooler Weather

Banks Discourage Merchants From Loading Up With High-Priced Goods

Cool weather has stimulated retail buying in the last week. According to "Bradstreet's," "prospects for fall are very encouraging, and industrial outputs are only limited by lack of labor, but repression is created in some channels by past or possible future price fixing, by uncertainty over taxation on excess profits, by the hardening of rates for money and by the husbanding of resources to take care of the forthcoming government loan. But the wants of a numerous and well employed people, plus the enormous needs of a wealthy nation at war, have made for a forward movement, and, while government buying looms largest, the more important markets have been stimulated by numerous demands which have taken staple articles rather freely. It is undeniable, however, that high prices tend to deter free buying, and, moreover, those who control credit reins are disposed to discourage the locking up of too much capital in high-priced merchandise, especially as it is a foregone conclusion that the government's needs for money must receive precedence. Aside from the uplift in house trade, which is manifest in the demand for drygoods and kindred lines, cool, indeed, frosty weather, in parts of the Northwest during the latter part of the week greatly stimulated retailing, but, on the other hand, hurt the quality, to some extent the quantities, of late, unmatured crops."

Money and Credit

Banks were fairly liberal with their offerings of call money at the Stock Exchange yesterday, but the ruling rate remained unchanged at 5 per cent. A small amount of lending was done on a 5½ per cent basis late in the day.

Rates were firmly maintained in the market for loans for fixed periods against Stock Exchange collateral, owing to the continued scarcity of offerings. Banking institutions are still proceeding cautiously with regard to extending their credit commitments on time, because it is generally felt that this is a time when banking resources should be kept as liquid as possible. This feeling accounts for the fact that many institutions are carrying unusually heavy call loan accounts and will continue to do so until after the strain of the next war loan and the crop movement has been removed from the money market.

Ruling rates for money yesterday, compared with a year ago, were as follows:

	Yesterday.	Year ago.
Call money	5	2½
Time money (mixed collateral):		
60 days	5 @5½	3 @3¼
90 days	5½@5¾	3¼@3½
4 months	5½@5¾	3½@3¾
5 to 6 mos	5¾	3¾

Commercial Paper.—The amount of business done in the commercial paper market was small yesterday. The scarcity of demand tends to keep rates firm around 5¼ to 5½ per cent for the best regular maturities.

Official rates of discount for each of the twelve Federal districts are as follows:

Days	15 or less	Over 15 up to 30	Over 30 to 60	Over 60 up to 90
Boston	3	4	4	
New York	3	4	4	
Philadelphia	3	4	4	4
Cleveland	3½	4	4	
Richmond	3½	4	4	4½
Atlanta	3½	4	4	4½
Chicago	3½	4	4	4½
St. Louis	3½	4	4	4½
Minneapolis	4	4	4	4½
Kansas City	4	4½	4½	4½
Dallas	3½	4	4	4½
San Francisco	3½	4	4	4½

Bank Clearings.—The day's clearings at New York and other cities:

	Exchanges.	Balances.
New York	$524,862,637	$40,490,348
Baltimore	9,251,804	1,330,111
Boston	36,854,984	5,217,548
Philadelphia	53,173,929	7,460,800

Silver.—Bars in London, 51d, up 1d. New York, $1.00½, up 1⅞c. Mexican dollars, 80c, an advance of 2c.

Sub-Treasury.—New York banks gained from the Sub-Treasury, $6,283,000.

Bank Clearings.—Clearings through the banks at the principal cities of the

Stockholders of Beth. Steel Vote For New Issue

Objections of C. H. Venner Defeated by Overwhelming Majority

Objections of Clarence H. Venner to the new financing programme of the Bethlehem Steel Corporation were overruled by the stockholders at the meeting held in Newark yesterday by a vote of 242,521 shares to 300. The plan which received the approval of the stockholders provides for the issue of $30,000,000 8 per cent cumulative convertible preferred stock and $30,000,000 additional class "B" common stock.

The vote of the stockholders was taken after the application for an injunction sought by Venner and others was denied by the Court of Errors at Trenton.

When the roll had been called and it was ascertained that there were present holders in person or by proxy of 125,518 out of the total of 149,080 shares of 7 per cent non-cumulative preferred and 117,293 out of a total of 148,620 shares of common, Venner, representing the General Investment Company and the Continental Securities Company, entered a vigorous protest to the proceedings.

"Scraps of Paper"

In the course of his remarks he asserted that the officers and directors of the Bethlehem should not criticise the Kaiser for regarding his treaty with Belgium as a "scrap of paper" because "if this plan goes through the stock certificates existing now are so much waste paper."

Venner's objections were that the preferred stock had the first claim upon earnings for dividends, and in case of dissolution it came before any other stock in the distribution of assets. He also claimed that the sale of the new stock at less than par was a violation of the stock law.

Schwab's Large Holdings

Charles M. Schwab, chairman of the Bethlehem board, voted in person 104,959 shares of both class of stock, while the management voted 116,104 shares of both classes in proxies. It was stated that shares voted by Mr. Schwab did not represent all of his holdings, but only those shares carried in his own name on the books.

Relevant Facts

Gillette Safety Razor Company.—Entrance of new interests into the affairs of the Gillette Safety Razor Company and a reorganization of its capital was announced yesterday. J. E. Aldred, of Aldred & Co., New York; Philip Stockton, president of the Old Colony Trust Company, Boston; R. C. Morse, of Jackson & Curtis, Boston; H. J. Fuller, vice-president of Fairbanks, Morse & Co., New York, and Bradley W. Palmer, of Storey, Thorndike, Palmer & Dodge, of New York, have become identified with the company. The present management will be retained. The company is to be re-incorporated with an outstanding capitalization of $6,000,000 five-year 6 per cent convertible notes and 190,000 shares of capital stock without par value, on which it is intended to inaugurate dividends at the rate of $7 per share per year. The $6,000,000 note issue has been bought by a syndicate headed by Brown Bros. & Co. of New York; Alexander Brown & Sons, of Baltimore; the Old Colony Trust Company, Jackson & Curtis and Curtis & Sanger, all of Boston. The company as it stands at present has outstanding $6,500,000 of common stock and $3,300,000 of 7 per cent cumulative preferred.

Dividends Declared.—An extra dividend of $4 a share has ben declared by the Prairie Oil & Gas Company, in addition to the regular quarterly payment of $3 a share, payable October 1 to stockholders of record September 29. The last previous extra dividend of $2 a share was paid April 30, 1917.

The Empire Steel & Iron Company has declared a dividend of 1½ per cent on account of accumulated dividends on the preferred stock, payable October 1 to stockholders of record September 21.

The Old Dominion Company of Maine has declared a quarterly dividend of $1 a share, payable September 28 to stockholders of record September 24. Quarterly dividends of $3 a share were paid three and six months ago, and for the year 1916 total disbursements amounted to $12.

Directors of Cosden & Co. have declared an extra dividend of 4 per cent and a regular quarterly dividend of 2 per cent, payable November 1 to stockholders of record October 12.

The Youngstown Sheet & Tube Company has declared the regular quarterly dividend of 1¾ per cent on the preferred and 2 per cent on the common shares, and also an extra dividend of 3 per cent on the common shares, all payable October 1 to stockholders of record September 20.

Baldwin Locomotive Works.—The following organization changes were announced yesterday by the company: Samuel E. Vauclain, vice-president and general manager, has been made senior vice-president; James McNaughton, formerly with the American Locomotive Company, has been made consulting vice-president; Grafton Greenough, sales manager, has been made vice-president in charge of sales; John P. Sykes, general superintendent, has been made vice-president in charge of works.

New York State Railways.—Directors of this company have passed the quarterly dividend of 1 per cent, usually payable October 1. A letter, sent to the stockholders by Horace Andrews, president, said the directors considered it wise to defer the dividend at this time on account of higher operating charges, the difficulties of obtaining new capital and to uncertain economic conditions. The company has already paid 3 per cent on the common stock this year.

American International.—Officials of the company yesterday confirmed the dispatches from Washington that it had entered into a contract with the Emergency Shipping Corporation for the construction of standardized ships at Hog Island, Philadelphia. The recent call on the stock of the corporation was in anticipation of the temporary demand for capital in connection with this work in the purchase of the land and for preliminary organization.

News Digest

Foreign

London Market Cheerful.—LONDON, Sept. 14.—Reassuring Russian news had a favorable effect on the Stock Exchange to-day, particularly in the Russian section, where bonds advanced two to three points. Russian mine and oil shares were correspondingly dearer, while Russian exchange improved to 290. Gilt-edged securities were cheerful and slightly harder, without increased business. Specialties in the mine, oil and rubber sections continued active features. Americans were dull.

Paris Bourse.—PARIS, Sept. 14.—Trading was quiet on the Bourse to-day. Three per cent rentes, 62 francs 30 centimes for cash. Exchange on London, 27 francs 18 centimes; 5 per cent loan, 88 francs 10 centimes.

New York

Liberty Loan Committee Enlarged.—The membership of the Liberty Loan Committee for this district, it was announced yesterday, has been increased to fifteen by the addition of three new members.

They are James N. Wallace, president of the Central Trust Company; Walter E. Frew, president of the Corn Exchange Bank, and Martin Vogel, Assistant Treasurer of the United States, with offices here.

Segregation of the executive and clerical forces of the committee has been completed, with the latter established at 50 Wall Street, while the former, including the general committee, the committee on distribution, remain on the fourth floor of the Equitable Building.

Liberty Loan bonds changed hands at par on the Stock Exchange yesterday for the first time since August 14.

August Building Permits.—New building permits taken out during the month of August were 31.9 per cent smaller than in the same month a year ago, according to reports received by "Dun's Review" from one hundred leading cities. The amount was $46,159,205, against $67,790,692 in August, 1916. This heavy reduction is ascribed to the abnormal rise in prices of all kinds of materials, the shortage of freight cars and the pronounced scarcity of labor.

American Institute of Banking.—At the fifteenth annual convention of the American Institute of Banking the following officers were elected: President, R. S. Hecht, vice-president Hibernia Bank and Trust Company, New Orleans, La.; vice-president, J. C. Thompson, auditor Northwestern National Bank, Minneapolis, Minn.; members of executive council for three years, Clarence A. Rathbone, Boston, Mass.; Wilfred A. Roper, Richmond, Va.; Joseph A. Seaborg, New York City, and Frank J. Maurice, Detroit, Mich.

Other Cities

Demand for Wool Improves.—BOSTON, Sept. 14.—"The Commercial Bulletin" will say to-morrow: "The demand for wool on private trading has been decidedly better this week, several million pounds of territory original and graded wools alone having been sold at fully recent rates. The government has continued to purchase wool, but just now interest is not revealed. A little more interest is reported in goods by the mills, and the week during the week would seem to reflect a better tone to the goods market."

Cotton Consumption in August.—WASHINGTON, Sept. 14.—Cotton consumption during August was 569,351 bales, compared with 557,780 a year ago. Cotton on hand August 31 in consuming establishments was 1,178,803 bales, compared with 1,363,135 bales a year ago, and in public storage and at compresses 744,069, compared with 971,578 a year ago. Cotton spindles active during August numbered 33,430,016, compared with 32,292,103 a year ago.

Cement Suit Dismissed.—BOSTON, Sept. 14.—The Supreme Court to-day dismissed a bill brought by the Jamestown Portland Cement Company against Francis T. Bowles and others, for specific performance of an alleged contract in relation to the subscription of stock in the Yorktown Cement Corporation, formed to take over marl and clay properties in Virginia. The land was owned by the Jamestown company, and the monetary value of the stock involved amounted to $909,533. The court held that the bill did not show a binding contract.

Significant Relations

Money and Prices:	Now.		A year ago.
Stock of money gold in the country	$3,086,218,498		$2,500,229,564
	June 20, 1917.		*Nearest period previous year.
Loans of all national banks	$8,818,312,000		$7,679,167,000
Their surplus reserve	841,931,000		801,000,000
	Last week.		A year ago.
Bills discounted and bought by Federal Reserve Banks	$341,416,000		$107,335,000
Federal Reserve notes in circulation	621,299,000		177,781,000
Total gold reserve	1,364,783,000		*497,355,000
	Yesterday.	The day before.	A year ago.
Average price of 15 railroad stocks	102.80	101.60	119.95
Average price of 12 industrial stocks	89.44	89.09	98.51
	Last week.	The week before.	A year ago.
Food cost of living (Annalist index number)	268.458	267.641	185.980
Production:	Aug. 1.	July 1.	A year ago.
Unfilled U. S. Steel orders, tons	10,407,049	10,844,164	9,660,357
	Aug.	July.	A year ago.
Pig iron (daily average), tons	104,772	107,820	103,346
Active cotton spindles	33,430,016	33,396,635	32,292,103
	1917 yield, estimated.		The 1916 crop.
Wheat crop, bushels	668,000,000		639,886,000
Corn crop, bushels	3,248,000,000		2,593,241,000
Cotton crop, bales	12,499,000		11,356,944
Distribution:	Sept. 1.	Aug. 1.	A year ago.
Net unfilled freight car requisitions	31,591	33,776	19,873
	—Increase or decrease— Fourth week of Aug.	Third week.	A year ago.
Gross railroad earnings	+11.9%	+14.9%	+12.2%
	Last week.	Week before.	A year ago.
Bank clearings	−27.7%	+10.3%	+25.3%
	Aug.	July.	A year ago.
Commercial failures	1,149	1,137	1,394

*Gold held by Reserve agents against circulation included in general fund beginning June 23, 1917. For purposes of comparison it is included in the 1916 figures.

Coal Order Hits Industries in the Pittsburgh District

Government Control of Shipments Is Blamed for Shortage of Fuel

Pittsburgh, September 14.

The fuel situation in the Pittsburgh district, the centre of the greatest bituminous region in the country, is acute. Producers ascribe existing conditions largely to the order of the government requiring railroads to furnish mines which ship to the lakes with 100 per cent car requirements. Unless this order is modified the situation will grow worse before it improves over the ensuing sixty days, or until lake navigation closes.

It is estimated that about 80 per cent of the coal produced here is sold on contract to steam users and coke makers. The contract price is considerably above the government price of $2 a ton f. o. b. at mines. Large consumers, however, are unable to obtain full contract supplies, because producers are unable to obtain transportation facilities while the movement of coal to the lakes is in progress. As a consequence industrial operations are being curtailed. This week an independent tube mill located at Washington, Penn., is reported to have temporarily closed because of inability to obtain coal, throwing about 1,200 men into idleness. In the Youngstown district it is reported that mills are operating to less than 75 per cent capacity for the same cause.

Power Service Reduced

Here in Pittsburgh the Duquesne Light Company, one of the largest public utility concerns in the state, has notified customers that it will be forced to suspend full power service for certain days of the week, or certain hours of the day, because of the fuel famine, which prevents it from operating its plant to capacity. The Duquesne Light Company is a subsidiary of the Philadelphia Company, one of the largest suppliers of natural gas in the country. Natural gas is a luxury as fuel, and apparently the Duquesne Light Company cannot afford to use it instead of coal, or possibly the expense for changing from coal to gas would be too great, or the time for making such change too short. For two weeks the Duquesne company has been publicly advertising for offers on 500,000 tons of coal at the government price, and has been unable to obtain a ton.

Coal producers express the opinion that if they had direct representation on some of the boards which are directly controlling the industrial and transportation affairs of the country better results could be obtained. At the present time it is estimated that the Pittsburgh district is producing less than 70 per cent of normal coal mine capacity, and much of the supply, as stated, is being shipped to the Northwest under government regulation.

Retail Trade Also Crippled

The retail trade is in nearly as bad condition, notwithstanding the fact that the bulk of this trade is not dependent upon rail transportation, but is brought to the city wharves by boat. It is believed that industries depending upon rail delivery are absorbing more than the usual amount of river coal, which accounts for the shortage in retail supplies. Furthermore, with high priced contract coal in urgent demand, there is less "free" coal for sale, and producers are afraid to sell coal above the government price to necessitous retail trade, which in some instances is bidding much above $2 for supplies. The trade is hoping for a speedy modification of the government orders for relief, before the situation grows worse.

From Trade Journals

Reclaiming the Scrap Pile

In ordinary times the scrap pile is a neglected avenue for the escape of profits. Now that war has pushed up the prices of raw material, the American plant owner and factory man have begun to analyze their scrap heaps. Usually they find large accumulations of damaged or worn machinery, tools, "short ends" and other material that represents considerable profit thrown away. Face to face with labor shortage, metal shortage and the time factor, plant owners are reclaiming these worn and damaged machines and broken tools and putting them back to work earning profits. Recently an engineer for an oxyacetylene concern made an investigation in a Western mining field. At one big mine he found in the scrap pile dollies and dies for drill sharpening worth $9 each that could be welded and put into service at a cost of about $1 each. The mining company was on the anxious seat, too, as to when it would be able to get more new material. It was found that the scrap heap of one year's accumulation would yield a three months' supply of good material. At another time the engineer found a year's supply of tram buckets, worth $40 each, with broken bottoms that could easily be repaired by welding at a slight cost. The various processes of welding have made it possible to reclaim machines and tools that formerly were sold as waste and at a fraction of the original cost. Nowadays any kind of metal—steel, iron (both cast and malleable), brass, bronze, copper, aluminum, sheet iron and precious metals such as gold, silver and platinum—can be welded and broken parts made as good as new. At a heat of 6,300 degrees Fahrenheit, produced by the combustion of acetylene in oxygen, any of these metals fuse and run together, a virtual remoulding of the parts.—*Engineering and Mining Journal.*

Prosperity in Northwest

Never before has the Northwest produced so valuable a crop as the one now being harvested. There have been larger wheat crops in bushels, but none in value. A similar situation exists in other grains and potatoes. The buying power in the Northwest is at the highest notch ever reached. Monetary value of the 1917 crops at points of production in four states alone—Minnesota, South Dakota, North Dakota and Montana—exceeds one and a third billion dollars. This figure does not include sugar beet, livestock, milk, cheese, butter, eggs or wool, or any production other than wheat, corn, oats, barley, rye, flax, hay and potatoes. In this total Minnesota leads in monetary value, with South Dakota, North Dakota and Montana following in the order named. Add to the $1,300,000,000 monetary value of the 1917 crop the proceeds from the sugar beet, which will command a record figure at the producing point, from livestock, which brings prices never before known, from the wool clip, the biggest in money value ever reported, from milk, butter, cheese and eggs, the result would be stupendous and would attest the fact that the Northwest is extremely prosperous.—*The Commercial West.*

Dividends

West Jersey & Seashore Railroad.—Regular semi-annual dividend of 2½ per cent, payable October 1 to stockholders of record September 15.

American Gas & Electric.—Regular quarterly dividend of 1½ per cent on the preferred stock, payable November 1 to stockholders of record October 20, and regular quarterly dividend of 2½ per cent on the common, payable October 1 to stockholders of record September 20.

Victor Talking Machine.—Regular quarterly dividends of $5 on the common and $1.75 on the preferred stocks, payable October 15 to stockholders of record September 29.

Safety Car Lighting & Heating.—Regular quarterly dividend of 2 per cent, payable October 1 to stockholders of record September 15.

Kaufmann Department Stores.—Regular quarterly dividend of 1¾ per cent on the preferred stock, payable October 1 to stockholders of record September 20.

Chalmers Oil & Gas.—Regular quarterly dividend of 2 per cent on the preferred stock, payable October 1 to stockholders of record September 20.

D. C. Heath & Co.—Regular quarterly dividend of 1¾ per cent on the preferred stock, payable October 1 to stockholders of record September 25.

Elmira Water, Light & Railroad.—Regular quarterly dividends of 1¾ per cent on the first preferred and 1¼ per cent on the second preferred stocks, payable September 29 to stockholders of record September 15. A dividend of 1 per cent on the common stock, payable September 29 to stockholders of record September 15.

New York Railways.—Regular quarterly dividend of 1¼ per cent on the preferred stock, payable October 1 to stockholders of record September 21.