

68

THE  
BANKERS MAGAZINE

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VOLUME CI  
JULY TO DECEMBER  
1920

NEW YORK  
THE BANKERS PUBLISHING CO., PUBLISHERS  
253 BROADWAY

170, 1501  
7-2  
1, 101

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BY THE  
BANKERS PUBLISHING CO.

UNION OF  
THE BANKERS  
**BANKERS MAGAZINE**

ELMER H. YOUNGMAN, Editor

SEVENTY-FOURTH YEAR

JULY 1920

VOLUME CI, NO. 1

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## The Republican Platform and Candidates

**T**O the rank and file of the Republican Party the ticket nominated at Chicago was a surprise, but inner circles representing what is known as the "old guard" were not particularly shocked by what the convention did. Over a year ago a Senator in the confidence of Senator Penrose predicted the nomination of Mr. Harding. The Pennsylvania Senator has expressed complete satisfaction with the candidate.

The partisans of Senator Johnson, of Governor Lowden and of General Wood are no doubt disappointed and sore at the result, and many are disposed to consider the convention as without power really to represent the convictions of the Republican masses. The elaborate and costly campaigns of some of the candidates seem to have been all in vain, the real decision having been made, possibly in advance, by astute political leaders.

It would be easy enough to regard the matter in this light and to predicate upon this conception a gloomy view of the state of political affairs in this country, and to conclude that the people had lost their right of selecting the man to be voted for as President of the United States. But there is some ground for believing that such a conclusion would be a mistaken one. Probably the professional politicians have been wiser than the enthusiasts for Wood, Lowden and Johnson. The considerations which led to the nomination of Senator Harding are perhaps nowhere more clearly and fairly set forth than in the following article from the Galveston (Texas) "Daily News," a Democratic newspaper:

"The response which the Republican masses have made to the nomination of Senator Harding could hardly be called a hallelujah. Nowhere does it seem to have excited enthusiasm, while everywhere one will note evidences of misgiving. The preponderant judgment of Mr. Harding seems to be that he is an eminently respectable gentleman of considerably less than presidential stature.

"Such a judgment as seems to be implied by the popular reception of Mr. Harding's nomination is not flattering to the gentlemen who brought it about. And yet the likelihood is they are not disap-

pointed, nor convinced that they used their power unwisely. Their wisdom is to be tested by their opportunity, and their opportunity did not make a much better nomination possible. They would not have done better to name Senator Johnson. His nomination would have excited more enthusiasm, to be sure. But also it would have excited even more resentment. The nomination of either General Wood or Governor Lowden had been made imprudent by the disclosures respecting their campaign expenditures, and dangerous by the threat of Senator Borah. They could have drafted Judge Hughes, but they would have had no assurance, had they done so, that he would not be deserted in California as he was four years ago. There was Mr. Hoover in the background. The nomination of Mr. Hoover would have excited enthusiasm, and even more than would have followed the nomination of Senator Johnson. But a large part of it, most of it perhaps, would have been an ebullition outside the party. Inside, it would have provoked resentment, and not less possibly than would the nomination either of General Wood or of Governor Lowden. Besides, the nomination of Mr. Hoover would have nullified the pledge which the platform gave as a peace offering to Senator Johnson and those thirteen other irreconcilable Republican Senators, with their very considerable followings, for the nomination of Mr. Hoover would have by implication committed the party to the ratification of the peace treaty. The Republican Party did not want to make that committal, both because of fear of the consequences on the morale of the party, and because a majority of the party's leaders are probably opposed to the ratification of the treaty, even with the Lodge reservations.

"Canvassing the matter in this way, one can find reason for thinking that, whatever the defects of Mr. Harding as a nominee, he suited the exigencies that had to be satisfied better than anyone else who was available for the use of the Republican Party. In that sense it may be said that the Republicans made the best nomination that was possible. They could have made one which would have been more appellant to independent voters, but what would have made it so would have made it more repellant to Republican voters.

"That Mr. Harding is not an original and forceful character does not argue conclusively that he will not be a strong candidate. His tractability, not to say his supposed docility, are qualities which will recommend him to a not inconsiderable number of people. The country has had two masterful men in the White House during the last eighteen or twenty years, and the experience has convinced many that the country is more safe and fares better under the presidency of a man who is amenable to the inspiration and suggestion of his party's leaders in Congress, and particularly those in the Senate. It is beside the question to challenge the validity of that feeling. The fact for practical consideration is that it exists, and



in a volume which makes it prudent to take it into the accounting of men whose chief concern is to get a majority of the votes. The men who brought about the nomination of Mr. Harding did take it into account. If Mr. Harding's mind is so neutral, so sensitive to suggestion from party leaders as it is supposed to be, that fact makes the character and traditions of the Republican Party a guaranty that his administration will be an eminently conservative one. A nomination which gives that assurance at a moment when the country is made apprehensive by the challenge which the war has brought upon the principles and ideas that have governed it from the beginning will not be regarded as an ill-advised one, except by those who, out of an excessive desire to seem loyal to the Democratic Party, blind themselves to all disagreeable realities."

Of course, it might be contended that the obvious unpopularity of the present Democratic Administration had served to make the reactionary element in the Republican Party recklessly disregarding of its more progressive adherents.

Whichever of these views one may accept will depend upon the predilection of the individual.

Fortunately, the integrity and patriotism of the candidates are not in question. Very likely, as the convention recedes into history, its methods will be forgotten and its verdict generally accepted by those who hold the Republican faith.

The Republican platform quite naturally ascribes most of our economic ills to the shortcomings of its opponents. The plank dealing with the League of Nations covenant is of importance, because around that question the battle of the campaign will undoubtedly rage. Here are the main declarations on this subject:

"The Republican Party stands for agreement among the nations to preserve the peace of the world. We believe that such an international association must be based upon international justice, and must provide methods which shall maintain the rule of public right by development of law and the decision of impartial courts, and which shall secure instant and general international conference whenever peace shall be threatened by political action, so that the nations pledged to do and insist upon what is just and fair may exercise their influence and power for the prevention of war. We believe that all this can be done without the compromise of national independence, without depriving the people of the United States in advance of the right to determine for themselves what is just and fair, when the occasion arises, and without involving them as participants and not as peacemakers in a multitude of quarrels, the merits of which they are unable to judge.

"The covenant, signed by the President at Paris, failed signally to accomplish this purpose, and contained stipulations not only intol-

erable for an independent people, but certain to produce the injustice, hostility and controversy among nations which it proposed to prevent.

“That covenant repudiated, to a degree wholly unnecessary and unjustifiable, the time-honored policy in favor of peace, declared by Washington and Jefferson and Monroe and pursued by all American administrators for more than a century, and it ignored the universal sentiments of America for generations past in favor of international law and arbitration and it rested the hope of the future upon mere expediency and negotiation.

“The unfortunate insistence of the President upon having his own way without any change, and without any regard to the opinion of a majority of the Senate, which shares with him in the treaty-making power, and the President’s demand that the treaty should be ratified without any modification, creates a situation in which Senators were required to vote upon their consciences and their oaths according to their judgment upon the treaty as it was presented, or submit to the commands of a dictator in a matter where the authority under the Constitution was theirs and not his.

“The Senators performed their duty faithfully. We approve their conduct and honor their courage and fidelity and we pledge the coming Republican administration to such agreement with the other nations of the world as shall meet the full duty of America to civilization and humanity in accordance with American ideals, and without surrender the right of the American people to exercise its judgment and its power in favor of justice and peace.”

Dealing with matters of banking, currency and taxation, the platform says:

“The fact is that the war, to a great extent, was financed by a policy of inflation through certificate borrowing from the banks, and bonds issued at artificial rates, sustained by the low discount rates established by the Federal Reserve Board. The continuance of this policy since the armistice lays the administration open to severe criticism. Almost up to the present time the practices of the Federal Reserve Board as to credit control have been frankly dominated by the convenience of the Treasury.

“The results have been a greatly increased war cost, a serious loss to the millions of people who in good faith bought Liberty bonds and Victory notes at par, and extensive post-war speculation, followed today by a restricted credit for legitimate industrial expansion. As a matter of public policy, we urge all banks to give credit preference to essential industries.

“The Federal Reserve system should be free from political influence, which is quite as important as its independence of domination by financial combinations.

"The prime cause of the high cost of living has been, first and foremost, a 50 per cent. depreciation in the purchasing power of the dollar, due to a gross expansion of our currency and credit. Reduced production, burdensome taxation, swollen profits and the increased demand for goods arising from a fictitious but enlarged buying power have been contributing causes in a greater or less degree.

"We condemn the unsound fiscal policies of the Democratic Administration which has brought these things to pass, and its attempts to impute the consequences to minor and secondary causes. Much of the injury wrought is irreparable. There is no short way out, and we decline to deceive the people with vain promises or quack remedies. But as the political party that throughout its history has stood for honest money and sound finance, we pledge ourselves to earnest and consistent attack upon the high cost of living by rigorous avoidance of further inflation in our Government borrowing, by courageous and intelligent deflation of over-expanded credit and currency, by encouragement of heightened production of goods and services, by prevention of unreasonable profits, by exercise of public economy and stimulation of private thrift and by revision of war-imposed taxes, unsuited to peace-time economy.

"The burden of taxation imposed upon the American people is staggering, but in presenting a true statement of the situation we must face the fact that, while the character of the taxes can and should be changed an early reduction of the amount of revenue to be raised is not to be expected. The next Republican Administration will inherit from its Democratic predecessor a floating indebtedness of over \$3,000,000,000, the prompt liquidation of which is demanded by sound financial considerations. Moreover, the whole fiscal policy of the Government must be deeply influenced by the necessity of meeting obligations in excess of \$5,000,000,000 which mature in 1923. But sound policy equally demands the early accomplishment of that real reduction of the tax burden which may be achieved by substituting simple for complex tax laws and procedure, prompt and certain determination of the tax liability for delay and uncertainty, tax laws which do not for tax laws which do excessively mulct the consumer or needlessly repress enterprise and thrift."

Here is an outline of what our foreign policy should be:

"The foreign policy of the Administration has been founded upon no principle and directed by no definite conception of our nation's rights and obligations. It has been humiliating to America and irritating to other nations with the result that after a period of unexampled sacrifice our motives are suspected, our moral influence impaired, and our Government stands discredited and friendless among the nations of the world.

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 "We favor a liberal and generous foreign policy founded upon definite moral and political principles, characterized by a clear understanding of, and firm adherence upon our own rights and un-failing respect for the rights of others. We should afford full and adequate protection to the life, liberty and property and all international rights of every American citizen and should require a proper respect for the American flag; but we should be equally careful to manifest a just regard for the rights of other nations. A scrupulous observance of our international engagements when lawfully assumed is essential for our own honor and self-respect and the respect of other nations.

"Subject to a due regard for our international obligations, we should leave our country free to develop its civilization along the line most conducive to the happiness and welfare of the people, and to cast its influence on the side of justice and right should occasion require."

The voters will have the opportunity of comparing the Republican and Democratic platforms, the letters of acceptance of the candidates and the records of the candidates themselves, and then making up their minds as to which man and which policy may be considered most favorable to the welfare of the country.

In the heat of the campaign many strong and harsh expressions may be looked for, and we may even witness a contest of unequalled bitterness. When it is all over the people will accept the result philosophically and all will unite in making this glorious country of ours a better, happier and more prosperous place to live in than it ever has been before.



## The New Turn of Affairs in Mexico

**W**ITHIN recent weeks events have moved rapidly in Mexico. General Carranza has not only lost his office but his life as well. The new leader who aspires to the rulership of the country is General Obregon, who was formerly one of Carranza's principal supporters. General Obregon announces that it will be his policy to protect foreign life and capital in Mexico, and that he is desirous of establishing and maintaining friendly relations with this country.

Our dealings with Mexico in recent years have been puzzling in the extreme. What we have been aiming at is certainly past finding out. The chief characteristic of our Mexican policy—if it can be truly said that we have had any real policy in our relations with that country—has seemed to be an utter disregard for the welfare

of Americans in Mexico. We do not seem to have cared how many Americans were killed or how much of their property was destroyed. In consequence the Mexicans have not illogically concluded that they could commit any offense against our nationals which they chose, without fear of punishment.

Declaring, as President Wilson did in one of his speeches, that we meant to allow Mexico all the time needed to settle her own affairs in her own way, we twice intervened virtually in Carranza's behalf—once at Vera Cruz and again on the northern border. The results of both these military expeditions were favorable to Carranza, and he reciprocated our favor by becoming and remaining a persistent enemy of the United States.

The mystery of Mexican politics is Villa. Those who have had business relations with him declare that he is the one real patriot in Mexico, and that he is a man who invariably keeps his word. It would seem that he has not had a good press agent in the United States, for his reputation here could be much improved.

Apparent efforts have been made several times to capture Villa, but he still remains at large. The knowing ones tell you that neither Mexico nor this country has made any sincere attempt to capture him, and predictions are heard that none will be made.

The friends of Mexico may well wish that General Obregon's aim to pacify the country and to restore prosperity to the people will be fully realized. Every sincere step which he takes to promote just and friendly relations between Mexico and the United States should be met half way on our part. And in this connection, while not condoning any of the offenses enumerated in the report of the Fall sub-committee of the Senate nor waiving our rights to demand reparation for the loss of American life and property in Mexico, we should remember that the offenses complained of were committed under a regime now ended and not be too exacting with the new ruler provided he manifests by his acts that he is in earnest when he says that he means to protect American lives and property in Mexico.

As foreshadowing a possible change in our policy toward Mexico, the following declarations on the subject from the Republican national platform are of interest:

“The ineffective policy of the present administration in Mexican matters has been largely responsible for the continued loss of American lives in that country and upon the border; for the enormous loss of American and foreign property; for the lowering of American standards of morality and social relations with Mexicans; and for the bringing of American ideals of justice and national honor and political integrity into contempt and ridicule in Mexico and throughout the world.

“The policy of wordy, futile, written protests against the acts

of Mexican officials, explained the following day by the President himself as being meaningless and not intended to be considered seriously or enforced, has but added in degree to that contempt and has earned for us the sneers and jeers of Mexican bandits and added insult upon insult against our national honor and dignity.

“We should not recognize any Mexican government unless it be a responsible government, willing and able to give sufficient guarantees that the lives and property of American citizens are respected and protected; that wrongs will be promptly corrected and just compensation will be made for injury sustained. The Republican party pledges itself to a consistent, firm and effectual policy toward Mexico that shall enforce respect for the American flag and that shall protect the rights of American citizens lawfully in Mexico to security of life and enjoyment of property in connection with established international law and our treaty rights.

“The Republican party is a sincere friend of the Mexican people. In its insistence upon maintaining of order for the protection of American citizens within its borders, a great service will be rendered the Mexican people themselves, for a continuance of present conditions means disaster to their interest and patriotic purpose.”

Should the Republicans come into power after the fourth of next March, and if this declaration means what it says, a most important change in our relations with Mexico is foreshadowed.

Mexico is a great and potentially rich and prosperous country. Its people have many admirable traits. Our coöperation could be made immensely helpful to them. It would also be profitable to this country.

Our Mexican relations need overhauling. They can not remain as they have been. It is wholly inconceivable that American public opinion will longer tolerate the continuance of the state of affairs that has prevailed in the last few years.



## Anglo-American Relations

**I**F some of the announcements of plans for capturing the world's trade are carried out, one may soon see an embroilment of two nations of the world not greatly dissimilar to that which so recently culminated in the Great War. Here is a sample of one of these plans, as announced in a London dispatch of June 16:

“British big business is rapidly mobilizing for the war-after-the-war battle for the world's trade. Britain's logical enemy is the United States and British business men are preparing to fight with America's own weapon, the trust.”

A good deal of this sort of stuff is being published on both sides the Atlantic, and it would be interesting to know the purpose behind it. If this really represents the aims of British statesmen and traders—as it most likely does not—nothing could be more discouraging or unfortunate. Indeed, that any person of intelligence should now seriously propose to conduct the operations of international trade on any such basis, in view of what has so recently happened to the world as a result of following this blindly mistaken policy, it would be positively sickening. That way lies the darkness of chaos, and from such hideous conceptions of international trade must the world emerge unless civilization itself is to be destroyed in the mad scramble for world trade.

This magazine believes most thoroughly in the beneficent influences of foreign trade when fairly conducted, but protests most vigorously against regarding it as a war between peoples and nations. If the view which this London dispatch embodies is to prevail, we would better at once sink every merchant ship now sailing overseas, cut our cables, shut up every one of our banks doing a foreign business and put an absolute embargo upon foreign trade and communication of every sort.

Because, if foreign trade is nothing more than an economic war, it will surely lead to a world-wide military conflict. The price to be paid is too great, the game is not worth the candle.

It is hoped and believed, however, that the dispatch referred to does not represent the aims either of British statesmen or of British traders. Intelligent opinion in Great Britain and her enlightened colonies must recognize the futility of trade and economic wars and the necessity for coöperation. Indeed, evidences are not lacking of earnest bids for that coöperation, and probably nothing would please the people of the British Empire more than to know that henceforth the coöperation of the United States is assured in working for the peaceful development of the world.

What are the real or imaginary obstacles to such coöperation? Undoubtedly the Irish question is one of them. Many Americans of Irish birth feel a constant sense of irritation toward England for what they consider her unjust treatment of Ireland. On the other hand, the people of Great Britain resent what they regard as the intermeddling of Americans with a purely British domestic question. But there the matter rests. Without venturing any opinions on the pure merits of this old controversy, it may be said that if the Irish question were out of the way it would immensely improve the relations between Great Britain and the United States.

Then there is our growing naval power, which is already receiving the official notice of the British Government. Do we mean to

challenge the naval superiority of Great Britain; and if so, will that challenge be met by an expanded British naval program with which we must continually strive to keep pace?

Again, there is our enlarged merchant marine which some regard as a menace to the supremacy which Great Britain has long maintained in this respect. This menace is probably more imaginary than real, for while we have built a good many ships it remains to be seen whether or not we are really in earnest about merchant shipping. There is a good deal of expert opinion to the contrary. At any rate, with the present shortage in the marine tonnage of the world, it would seem that there should be plenty of work for both British and American ships.

There is another matter which at this time militates against a thoroughly good understanding between the United States and Great Britain. This is our tendency to withdraw from the large share of participation in European political and financial affairs which President Wilson's declarations had led many across the Atlantic to expect. They do not seem to blame us particularly for rejecting the League of Nations scheme, but think that having rejected that we should have been ready with an alternative plan.

On our side, too, there has been irritation because of the very large gains in territory, population and indemnity flowing to the British Empire as a result of the war. It jars rather rudely upon certain lofty idealistic utterances upon the part of a number of leading British statesmen, whose rhetoric was hardly less unctuous than that of President Wilson himself.

Now, without having extenuated anything or set down aught in malice, these are some of the actual or fancied hindrances to a good understanding and thorough coöperation between the British Empire and the United States. But are not the reasons for such good understanding and coöperation more numerous and far weightier? First, the fabric of modern civilization, built to no small extent upon Anglo-Saxon principles, is threatened with destruction and needs this coöperation, not merely for the preservation of modern civilization, but for its enlightened adaptation to the changed and ever-changing needs of society itself.

What vast enterprises all over the world to-day need this coöperation in the building of ships, in the making of roads, in producing lumber, coal, steel, oil, clothing and food. To these enterprises the United States can give the cheerful helpfulness which belongs to youth, and Great Britain can bring the valued wisdom which experience alone can teach. Singly each country may do much; united they can do more.

For their mutual self-interests and for the welfare of the world Great Britain and the United States should pull together.



## Water Power Developments

**A**N industrial development measure containing great possibilities has become a law through President Wilson's signature of the bill, passed recently by Congress, providing for the utilization of water power on lands under Government control.

It is said that the potential horse-power available on the sites under Government control is 54,000,000, which exceeds the 42,000,000 horse-power now in operation in water, steam and gas-operated plants. The new sources of power are largely in the great Northwest. In travelling over that section of our country—a region of very great natural resources—one is struck by the number of cataracts of large volume and velocity of which no apparent use is being made. As the supply of coal and oil becomes less and less adequate, the need of redressing this comparative shortage by the utilization of "white coal" will grow more urgent.

The Pacific States have a wealth of raw materials needed in manufacturing of various kinds, and with the employment of the vast water power, resources of that section should make notable advances in industrial power and importance, although at present the absence of a sufficient labor supply will render this development somewhat difficult.

It is the commonly accepted belief that the development of manufacturing takes place at the expense of agricultural development. While there is some truth in this view, there are compensating factors. For example, the growth of manufacturing creates wider markets and better prices for farm products than would be the case were the country purely agricultural. Doubtless a proper balancing of farm and manufacturing activities constitutes the true policy.

Steam and electrical energy have contributed to an immense extent in promoting individual and national prosperity. Now we are just beginning to employ the country's immense water power resources, and the results are likely to be of vast importance.

## The Halt in Enterprise

**K**EEN interest exists among bankers and in industrial and financial circles generally as to the outcome of the policy of credit restriction recently imposed by the Federal Reserve Board. Some complaints are heard naturally from merchants and manufacturers on account of being shortened in their accustomed lines of credit, but generally no distress seems to have been occasioned as yet. So long as goods can be moved and disposed of at a

profit the danger of a crisis would not seem imminent. There is, in fact, rather more apprehension to be felt on account of the tying up of transportation facilities than because of credit restrictions. Credit to produce goods which can not be delivered to customers is not of much use.

In conversations with bankers some curious facts are brought out in regard to their efforts to conserve credit. A good many of these stories revolve about the automobile industry. One lady who wanted to buy a more fashionable type of car could not understand why her bank refused a loan for that purpose, even though United States bonds were offered as collateral. A contractor who had made a good profit in building a railroad, and had received help from his bank in carrying on the work, was hard to convince that the bank should not at this time make a loan for the purpose of opening an agency for the sale of high-priced cars.

One banker frankly admits the reason why automobile paper is popular. "We make the most profit on it," he says. "On commercial paper we get six or seven per cent., while on automobile paper we get ten and twelve."

At first sight it may seem that the higher rate on car paper would tend to hamper the automobile industry, but not so any one can notice it. In fact, so great is the demand for cars that the rate of interest on deferred payments does not seem to cut much figure in the transaction.

As to the general credit situation, a test will come with the great crop movement, which has already begun.



# Bank Wages and Factors Determining Them

[This information was compiled by the Statistical and Research Department of the First National Bank in St. Louis, under the management of W. F. Gephart, vice-president.—Editor.]

**W**AGES AND THE cost of living have been playing "battledore and shuttlecock" with each other for the past several years. Each is at the same time, cause and effect on the other, notwithstanding the superficial reasons frequently advanced either to justify wage increase or to explain the increased cost of living. There is much loose talk about the increased cost of living and increased wages. Comparison can only be made of related quantities, and in order to determine any real significance between living costs and wages, an analysis must be made of the wages of particular groups and the prices of the commodities which they consume. The wages of some classes of workers have undoubtedly advanced more rapidly than the cost of living; others have doubtless kept pace with it; and still others have lagged behind. Evidence seems to show that, in most cases, bank employees are in this last named class.

A ready explanation for the price of any commodity or service, is that the price is determined by the question of supply and demand. The real explanation must be found, however, in an analysis of the factors and forces which determine this demand and supply. The following table shows the wages of different grades of bank employees in representative banks in the various sections of the United States. Preliminary to a discussion of the facts in this table, let us briefly outline some of the more important factors both on the side of demand and supply which determine these wages.

The war, as in every other case, had its effect upon the supply of bank employees. Many young men either were drafted or voluntarily enrolled for serv-

ice. While banks in general followed the policy of re-employing those who had been in the service when they returned, yet many of these former employees went into other lines of business—especially into those industrial fields where the remuneration was much higher. Doubtless other factors are responsible for some of these old employees not seeking their former positions. The experiences of the war, for example, roused them in many ways, and made many quite unwilling to go back into the hum-drum and routine of bank service. Their places were taken in many cases by women who often did the work quite as well and, in many cases, even better than the male employees, for in many cases a first rate woman did much better work than a second or third rate man who was formerly doing the task. Then, too, it has doubtless been a gain all around for many of these vigorous young men to take up a line of work where their physical and other masculine qualities were in greater need and could be better rewarded than in the clerical position of a bank. The percentage of female employees in bank work is yet relatively small and doubtless does not exceed 20 per cent., but it has been enormously increased during the war period.

There are yet many lines of work in a bank which might well be done by women, and which will doubtless in time, be done by them as gradually the prejudice against women employees in banks is removed. It is difficult to assign labor characteristics to men as distinguished from women, but in a general way, it may be said that the rank and file of women employees have a greater disposition to be neat and careful and systematic—two characteristics which have an important place in the operation of a bank. As will be shown later, there is a very large amount of the work of a bank which is of a routine, clerical character,

especially in the larger banks where the employee has little or no occasion or opportunity to use originality, but has a relatively simple task to perform in a specified manner. Most of these tasks do not require any large amount of physical strength or endurance and for this and other reasons, women ought to find an increasingly large place in the service of banks, thus setting free an increasing number of male bank employees for factory and other business positions demanding qualities of physical strength and others which are associated with the male worker.

It will doubtless be some time before bank officials will be willing to place women in the windows as tellers and in other positions where they come more directly in contact with the public. The patron of a bank will continue to associate the banking business with such peculiar physical and business qualities as are supposed to be associated with men, but there is often little to justify even these patrons, except popular prejudice.

There are certain characteristics about the work of a bank, other than the wages, which very greatly affect the supply of employees and tend to secure for banks that number and grade of employees which they demand. Among these may be mentioned the following:

(a) The social status which bank work gives to employees, both men and women. Banking has long been associated in the minds of the populace, with wealth and therefore the employees are in general, greatly respected by their fellow workers in other lines. A young woman, for example, will accept a clerical position in a bank at a much less wage than she could receive as a domestic or department store worker, because she is not willing to be known among her associates as a wage earner of this type. In other words, a part of her income is a psychic income. Likewise young men will enter a bank at very small wages rather than a factory, both because of the dignity of the position and because of the lure of the big prize in the form of an officer's position.

(b) This may well be considered as a second factor determining the supply of bank employees—namely, the theoretical opportunity that an employee has of becoming an officer. The mathematical chance is a very small one but just as a young man is lured into medicine by learning of the enormous fee a famous surgeon secures, or into the legal profession by the knowledge of the large retainer fee, so many young men go into the banking business and are content to spend many years at very moderate salaries partly because they hope that they may be made an officer sometime in the future.

(c) In the third place the agreeableness of the work attracts employees. This expresses itself not only in good working conditions but also in the cleanliness of the work and the relatively agreeable character of their associates.

(d) Another factor is the shortness of the hours and the vacations which are usually a part of a bank's policy. There is also usually a very liberal policy with respect to payment of wages during absence, either of a temporary nature or of those extending over a period of several months. All this consciously or unconsciously enters into the calculations of bank employees and considerably affects the supply of labor flowing into the banks.

(e) Another factor affecting the supply is the ease of learning the work. That is to say, a new employee can be taken into a bank and assigned to some phase of the work which can be readily learned and as he continues in the service of the bank he gradually learns the work of other departments. He is being paid, in other words, for his apprenticeship work. In the larger banks this is especially true, where division of labor has proceeded to such an extent that large numbers of employees may come and go without seriously impairing the efficiency of the organization.

In this connection the labor turnover may be discussed. For reasons in part stated above, and in other particulars well recognized, the labor turnover in the larger banks during the past several

years, has been very high. From a limited investigation of selected banks, it is found that not infrequently 50 per cent. of the present employees in a bank were not in any bank's employ three years ago. Labor turnover in an industrial plant always means a considerable degree of inefficiency. That is to say, the coming and going of workers is very expensive. To a certain extent this is true even in the case of a bank, but not to the extent that might be imagined, assuming that the bank is well organized in its departments. If the various departments have at their head a competent man and an assistant to take his place when he is transferred or resigns, and such additional employees depending upon the importance and size of the department, the resigning or transferring of a considerable part of the force does not lead to any decrease in the efficiency of the department. In other words, if the skeleton of the department is maintained at all times, consisting of the department head, his assistant, and a certain additional number, there can be a high turnover in the department without impairing its efficiency to any large degree. This is true because much of the work is of a routine, clerical character and under proper supervision can soon be learned.

There are other factors which affect the supply of bank employees, such as the practice of many banks of insuring their employees, the payment of a bonus, or profit sharing. The bonus and profit sharing have been adopted by many banks during the past several years because they believed—and rightly so in many cases—that the wage of bank employees had not kept pace with the increased cost of living. This has been an expediency to meet the situation when it took the form of a bonus, although it may be questioned whether, after a bonus has been paid a number of times, it does not lose most of its psychological, as well as its practical, force. True profit sharing can have only a limited scope in the banking business, but to this subject considerable discussion needs to be given.

On the demand side of the equation, it is found that the growth of the banking business has been such as to require a marked increase in the number of employees; notwithstanding the introduction of labor-saving machinery of many kinds in the banking business, yet much of the work is of a character which requires direct human labor. The human factor will always be an important one in transacting the work of a bank. Mechanical devices may be used even to a larger extent than at present, but so much of the work of a bank is of a personal character, that it must be transacted by men and women. Because of the character of bank work, certain qualities such as honesty, fidelity, and trustworthiness, occupy or should occupy, a high place and should be a factor in deciding compensation. It is doubtless true that most of the work in a modern bank is of a routine, clerical character, and therefore does not require ability of a high order, but, because of its personal and fiduciary character, such qualities as honesty and fidelity are very important and should be rewarded in much the same manner that original ability in other positions is rewarded.

There is, however, in many respects, a tendency to over-emphasize mere length of service as a factor in determining wages and salaries in bank work. It has been stated that much of the work of a bank can be done as well after six months of service as after six years, and therefore it is not so much length of service in a particular position that should be rewarded, but rather such qualities as trustworthiness, honesty, and a proof of ability to be transferred from a lower to a higher, and still higher, position. That is to say, more careful analysis of what the particular work is worth, regardless of who does it, should be made in determining wages in banks. The analysis should begin with position and not with person. The personal factor is important in determining the transfer from position to position and automatically the salary will be increased, because the higher wage is attached to the more important position. It is remarkable the extent

COMPARATIVE BANK SALARIES

BANK	ASST. CASHERS	TELLERS		BOOKKEEPERS		STENOGRAPHERS		MACHINE OPERATORS		CLERKS		CHECKERS and SORTERS	TELEPHONE OPERATORS	FLOOR-MEN	MESSEN- GERS
		Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B				
A	2750-3850	1600-2700	1600-1700	900-1350	1020-1380	.....	.....	780-1020	.....	Chief Clerk - 2400	.....	600-1500	900-1200	1380-1560	600- 900
B	3600-8000	2475-2900	2100-2500	1500-2000	1300-1500	900-1250	750-1250	750-1250	750-900	1200-2500	750-1150	(Clerks) 1150-1500	1150-1400	1250-1500	750-1000
C	4500-12 M	2500-5000	1900-1800	1400-1800	1500-2000	1200-1400	900-1100	900-1100	600-800	2000-3000	600-1900	800-1500	1000-1800	1200	900-1500
D	4200-6000	1680-2640	1500-2460	900-1620	1500-2100	720-1440	960-1320	960-1320	600- 900	1200-2100	600-1140	600-1200	840-1860	960-1260	360-660
E	3400-4750	1200-2400	1080-1900	.....	1200-2200	800-1320	1100-1500	1100-1500	.....	.....	800-1500	.....	.....	1200-1760	480-1100
F	7000	1800-3300	1800-2000	1200-1700	1800	1200-1800	1200	1200	900	1500-3000	900	900-1200	.....	1500-1800	900
G	4200	1200-2100	780-1320	600-780	900-1300	600-900	780- 900	780- 900	600- 780	1100-1900	600-1100	720-1000	900-1100	1200	720-1200
H	4500-7000	2400	1350	950	2000	950-1500	1300	1300	950	1800-2500	1000-1800	1200-1500	1100	1500	840
I	2500-5000	1800-2400	1200-1500	1000-1380	900-1500	.....	1000-1500	1000-1500	700-1000	1500-2000	700-1500	1200-1800	1000-1200	1200-1800	500-900
J	3600-7200	1500-2700	1200-1500	900-1200	1200-1500	720-1200	840-960	840-960	720- 840	1080-1440	720-1080	720- 960	780-1080	1380-1500	480-720
K	.....	1580-4200	1400-4500	900-1320	1380-2040	900-1260	1080-1300	1080-1300	780-1080	780	1560	.....	960-1050	1200-1500	480-720
L	5000-6000	1500-2400	1440-1800	900-1080	1200-1800	900-1080	780- 900	780- 900	540- 780	900-1500	600-900	.....	780- 900	1320	480
M	3300-4800	1600-2900	1500-2100	1000-1400	1400-2500	900-1950	900-1200	900-1200	720- 850	1800-3000	900-1200	720-1000	960-1200	1200-2400	480-600
N	4000-6400	960-2820	1500-2000	1080-1500	1080-1320	780-1020	900-1100	900-1100	600- 900	1080-2640	600-1020	1000-1800	840-1020	1080-1560	.....
O	3000-4200	1200-2280	1500-2000	420-1500	1200-1680	840-1080	780- 900	( as Bookkeepers)	.....	1200-2400	480-1080	840-1200	900	1020-2000	300-360
P	2500-4000	1800-2100	1500-1680	780-1350	1200	780	780- 900	780- 900	.....	1200-2000	600-1200	600-1080	780	.....	480-600
Q	3500-6000	1500-2700	1800-3000	1500-1800	1200-1320	1200-1320	1500-1700	1000-1400	1000-1400	1000-1200	900-1200	700- 900	900-1000	1320	600-900
R	3000-3600	1200-2100	1200-1440	960-1200	1200-1500	840-1200	960-1200	960-1200	.....	1200-1620	840-1080	960-1080	960	1020	660-840
S	5000-7500	1800-3600	1500-1860	.....	1500-1860	.....	1080-1500	1080-1500	.....	1080-1800	.....	1020-1200	1380	1680	900-1080
WEIGHTED AVERAGE	4472	2232	1592	1210	1460	1066	1084	617	1736	1000	1100	1071	1422	754	

NOTES: Banks A to C are in the East.  
 " D to H " " " West and Middle West.  
 " O to Q " " " South.  
 " R and S " " " Far West.

to which length of service in merely routine work has been rewarded in the banking employment.

This policy is certain, as the banking business becomes more highly competitive and commercial in its character, to affect the general character of the bank employee. Banks frequently complain that they cannot get young men of ability to fill the more responsible positions. This is undoubtedly the case, and not the least explanation of it is that the bank officials have not taken the trouble to train promising young men who had growth in them, and promote them on the basis of proven ability, rather than giving precedence to some one who has been in the service longer. There is great danger that even a promising young man may become a mediocre if he is permitted to remain too long on unimportant work. It is not to be expected that the rank and file of men and women who remain in the banking business will be of first-rate character, because many positions in the bank require only second and third rate ability and the very force of competition will bring the character of employees down to the level of the character of the work. One of the most discouraging places a young man can enter for his business career has been in the large commercial bank in the metropolitan districts, because too many such banks do not have the organization which finds men of first rate ability and sees to it that they are given a chance to display it in positions of increased responsibility.

What the banking business needs most is better internal organization and analysis of the job and of the man. There are too many square men in round holes, in the banking business. There is too little opportunity for the promising young man and woman to secure advancement in the banking business. There has been too much nepotism in it to attract young men without influence and friends. It has been a brave teacher who would advise his most promising graduate to enter the banking business unless he has some assurance that a particular bank, or someone in it,

would keep an eye on him to see that he really had a chance to learn the business. Especially is this true of the larger banks. The shortest road to the better position has often been by way of the smaller bank where the young man had an opportunity to see and take part in the workings of all departments of the business.

Attention may now be directed to the table which is in itself largely explanatory. In calculating the weighted average in connection with the table, certain unusual salaries which were paid only to one man for a particular kind of work were disregarded. A study of this table shows many interesting aspects of bank salaries. There is, for example, great variation in the wages for particular groups of employees. This is due to a number of factors, among which may be mentioned the absence of a standardization of bank work. The banking business is proverbially conservative, and very properly so. There is, however, some reason to believe that this conservatism has expressed itself in some undesirable respects. There is a tendency, for example, to neglect the purely organization side of the bank and a disposition to follow practices of the past which have little to commend them except their age. In other words, the banking business as a business is not as well organized as some other lines of business from the standpoint of internal efficiency. It is not urged that it is capable of such standardization and organization as certain other types of business, for the particular type of bank organization is largely a result of the volume and character of business which the particular bank has to transact. Nevertheless, comparatively little attention has been given to the internal efficiency and organization of bank employees' work.

Another factor contributing to the great variation in salaries for the same class of work is to the practice of determining the wage to a considerable degree on the basis of the personal qualities of the employees to the exclusion of the job itself. A particular employee may be an unusually good man for a

particular grade of work and yet not qualified for a higher position in some other department which normally carries a larger salary. The result frequently is that his salary in the particular position is increased on the grounds that he is a very good man in that job and has had years of service. The result often is that one or more men, as, for example, a teller, may be obtaining a salary out of all proportion to the average salary paid for tellers, although the actual work which he does in comparison with other tellers does not justify such a difference. As a result, the opportunity for invidious comparisons are frequent, and are productive of much dissatisfaction among bank employees. Individual comparisons are all the time being made among employees in a bank, and the employer frequently is not able to justify the discrepancies. This and similar difficulties arise from a failure to analyze the job itself and determine within certain ranges what the work by its very character is worth. Then, again, there is the disposition to emphasize length of service in itself as a basis for increased salary. To the extent that length of service means increased efficiency, proven honesty, and trustworthiness, there is some justification for such a policy, but many positions in a modern bank can be filled as

well after a short period of service as after a long one. In any event there is no direct relation between increase in efficiency and increase in length of service.

The banking business is peculiarly an easy one in which to establish promotions on the basis of proven worth. Not only are there many classes of work to be done requiring different grades of ability and efficiency, but also within many of these groups there are gradations in the character of the work. For example, different grades of bookkeepers are needed. Then, too, another peculiarity of the banking business is that young men and women may be taken into it and gradually and progressively promoted to more responsible positions. There is an unusual opportunity in the process of training young men and women to select the most deserving and to promote them to the more responsible work. In other words, the banking business has less excuse than almost any other type of business for not having an efficient organization. If the merit system is really established, and analysis made of the character of the work to be done and the particular qualities of respective employees to do it, every bank ought to have an efficient organization.





# Over the Manager's Desk

A Story of Foreign Trade Banking

By Nathan G. Chatterton

Manager Foreign Department, Great Lakes Trust Co., Chicago, Ill.

ONE day some time ago, a young lady came to my desk, evidently in a hurry, and asked if I could send some money quickly to Paris. A friend there was in urgent need, she said. I took her order for a cable transfer, she paid me the money, and took a receipt.

"Oh, is that all there is to it?" she asked, opening her eyes in some aston-



C. 1920, Moffett, Chicago

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ishment. "You know," she went on, "this is all Greek to me; why doesn't someone write an article on the subject?"

I regarded her in amazement. "Why," I said, "there are more articles written today on the subject of foreign trade and foreign exchange than ever before. You can't pick up a magazine, business or general, that does not contain some kind of an article on the subject."

"I know," she said impatiently; "but

they're written by professors, and are too—too theoretical and too—too technical for the ordinary reader to understand; so they are not read. Now, tell me, if you have time, just how you are going to send my money to Paris."

"It's a very simple operation," I replied. "We cable one of our Paris correspondents to charge our account and pay the amount to your friend against receipt. The cable is sent in code in order to minimize the expense, and a test word or number is added in order to assure our correspondents that the message was sent by us."

"What is a test word?"

"We have a private cipher list which we send to each of our correspondents, each list different from all the others. Of course, we have a duplicate of each list in our private cipher folder. The amounts from one up are each represented by a number; then there are special numbers representing months of the year, days of the week, etc. Thus, when we cable our Paris correspondents to pay 10,252 francs to your friend we make up our test as follows:

April.....	62
22d.....	43
10,000.....	92
200.....	6
50.....	9
2.....	9
	<hr/>
	221

to which we add an arbitrary number standing for our correspondents, for instance..... 72

Test number ..... 293

This usually follows the message, and may be given in figures only, or a corresponding word from one of the standard codes may be used. The latter is preferable, as numerals are very often mutilated in transit.

"When a message is received, our correspondents make up the test num-

ber from our cipher sheet, and if they agree they pay without hesitation the amount ordered. But if, as sometimes happen, they do not agree they cable us to that effect. One of two things has happened; our test was incorrectly made up originally or the test word was mutilated in transit. The latter is usually the case, as all cables are carefully checked before they are sent off."

Just at this time a clerk presented a check for signature. The young lady watched me sign the check. "Why do you have two checks? Are they original and duplicate.?"

"Yes."

"Please explain. I should think it a great waste of time and paper."

"The original," I said, "is mailed direct to the payee by first steamer, and the duplicate by the next steamer. If one is lost, the other will be paid. This method of remitting is followed usually when the amount is large and the saving of interest is important; but in case of small amounts, we advise our customers to keep the duplicate until they hear that the original has not been received; then forward the duplicate. If a single check were issued and should be reported lost a duplicate could not be issued without a bond of indemnity or a proper guaranty, for the simple reason that the single check might not actually be lost but be in the hands of an innocent third party: so that——"

"I guess so," she said rather vaguely. "Well, it's rather too deep for me. Only don't forget to send this money to my friend in Paris. She's the dearest girl! And don't forget to write that article. Good-bye."

That was sometime ago, and I hadn't made up my mind to write that article until a few days ago.

I have been wondering how many people really are interested in the details of Foreign Trade Banking. I got an answer about three weeks ago, when I was asked to give a little informal talk before the Citizenship class of the Women's Civic Club of Chicago. I found a gathering of very earnest women, intelligent, and anxious to learn everything possible about the doings in the

business world. One of them was the wife of a political economist. Many of them were home-makers without experience in business. I spent a most enjoyable hour and a half with them, first giving a little talk on Foreign Trade, including foreign exchange and foreign loans, and then answering, or trying to answer, all sorts of questions of a general economic nature. If those women were interested in the dry details of foreign business, then, it seemed to me, there must be thousands of others, men and women, all over the country who would like to read how modern banks conduct their foreign departments, with their various divisions. Hence this article.

Many a book and many an article have been written about foreign trade and foreign exchange. This is to be only a brief article, in which I shall try to make plain some of the so-called intricacies of foreign trade banking.

Let us assume, just for a beginning, that a man, noting the high price of hair-nets, decides that it would be profitable for him to import the nets direct from the manufacturers abroad. He knows that they are made in Shantung, in France, and in Czecho-Slovakia, but he does not know the names of any exporters. He has seen some advertisement or has heard of some foreign trade bank, goes to the bank, and tells his needs.

The Foreign Department manager looks interested. "Keep an account here?"

"No, sir; but——"

"Oh, that's all right. Glad to be of service if possible anyhow. Come in and sit down." He beams on the customer and presses a button. B-Z-Z-Z. "John, hair-nets."

"Yes, sir."

Soon a file is brought to the manager's desk.

"Um—let me see. Chefoo. Here's a firm in Chefoo who offers five thousand gross of human hair-nets at \$3.50 per gross C. I. F. San Francisco. Interested?"

This may or may not result in business. Very often it does. The bank

has given valuable service, and has probably secured a good customer. For, it is obvious that if the customer has much foreign business, he will take his account to the bank that gives him the best service.

Another illustration. A manufacturer in this country desiring to export will call upon his bank for advice. Now, an up-to-date Foreign Department received daily all kinds of reports as to business conditions abroad, also names of business houses who are in the market for all kinds of manufactured products. All this information is at the disposal of the exporters in this country. A bank should also be able to give information as to trade routes, steamship service, the correct way in which shipping documents should be made out, etc., etc. In view of the fact, however, that a great deal of this information is given by first-class forwarders, the bank undoubtedly will put his customer in touch with a reputable forwarder.

As a result of the information obtained from the bank and the efforts that the bank has made, the manufacturer is very often immediately put in touch with some importer abroad who needs just the article which the manufacturer turns out, and good business results. If the banker has nothing on file, he will get busy by mail or cable and bring two good business men together. You see, the foreign trade banker is a kind of a matrimonial agent, if you know what I mean.

Another illustration. A merchant has bought, let us say, some Denmark butter, to be shipped two months ahead, the consignor to draw on the merchant at sight in Danish kronor. This means that the merchant has to furnish in, say three months a certain amount of Danish kronor. At the present rate of exchange, he has a profit; but if the market should go up very far, he might have a heavy loss. He goes to his banker, and tells him his troubles.

"That's easy," says the Foreign Department manager; "I will buy the necessary kronor now for delivery three months ahead at your option." Thus the deal is closed. The merchant gives

the bank a contract to take so many kronor at his option any time during the month of August at the rate of 17.50. The merchant, taking no risk on the exchange, is sure of his profit. Of course if he had let the matter stand and the exchange on Denmark should go down he would make more money, but he would be speculating in exchange, which a conservative business man ought not to do.

Still another similar illustration. A man has sold a certain amount of lumber to a Liverpool merchant at a price in pounds sterling. He is to ship in August, at which time he will draw his bills of exchange. He does not know what his exchange will be worth to him, and so goes to his bank, who will readily agree to buy the exchange at a certain rate, deliverable at the seller's option in August. In this instance the seller might have speculated on the price of exchange; but in securing his rate immediately, he is sure of his profit.

Naturally in both these instances, both customers are responsible business men whose contract is considered perfectly good by the bank.

But some one wants to know how a foreign department functions. What is the machinery? Now, one of the things that a foreign department manager dislikes to talk about is the routine of his department. He will talk about rates of exchange, the poor cable service, the great amount of speculation in German marks, and almost everything else under the sun but routine—

Well, here goes for just a glimpse of the machine. Visualize, if you will, a space, divided rate sections filled with desks, high and low; books, typewriters (machines I mean), adding machines, filing cases, papers and last, the human element, men and women.

They seem to be working hard, some at the machines, some at books, others dictating letters. It looks rather chaotic to an outsider; but every well regulated department has several divisions, each in charge of an expert. There may be a Foreign Trade Division, an Exchange Bought Division, an Exchange Sold Division, and a

Cable Division, a Commercial Credit Division, a Bookkeeping Division, and so on ad libitum.

And there are also divisions by nationalities: Greek, Chinese, Italian, Scandinavian, Polish, and so on, each in charge of a native manager.

And over all there is the general manager, usually known by the simple title, Manager Foreign Department. Does a wise manager bother with routine? He does not. He leaves all that to the division head, who is responsible to the manager for the proper working of his division.

But some one says, "Yes, I see all that; but what do they have to do?" Patience, and I will tell you a little, just a little. I have explained something of the function of the Foreign Trade Division, which is a service bureau, pure and simple, designed to supply real business to the rest of the department. Service makes customers; customers sell their exchange and buy their exchange from the bank. Just here is where the Exchange Bought and the Exchange Sold divisions come in.

It would take too long to explain all the functions of the Exchange Bought and the Exchange Sold divisions. Each has its own set of books and forms. All exchange bought is entered in proper registers, given a number, and is remitted for collection to the bank's correspondents in London, Paris, Shanghai, etc. All exchange sold is entered in a proper register, and the drafts are advised to the banks abroad on which they are drawn.

Naturally when a bill of exchange is bought and remitted, it is charged in the department's ledger to the bank's correspondent; likewise all exchange drawn is credited in the department's ledger to the account of the bank's correspondent. It is the function of the bookkeeping division to take care of the department's ledgers.

The ledgers are usually divided in two parts, one for Sterling and the other for Continental exchange, or exchange which may be expressed decimally. The dollar equivalent of each item, whether bought or sold, is always expressed in

the Bought and Sold registers and likewise in the ledgers, so that the cost of exchange can always be easily ascertained. Indeed, it is the duty of the bookkeeping division to make out a balance sheet daily, showing exactly how much exchange the bank has with each of its correspondents, with the dollar equivalent in each case.

The Cable division decodes all messages received, and distributes them to the proper department of the bank. It also codes and dispatches all cables sent out by the bank. This division has seven or eight standard codes, and also private codes of the bank and of its correspondents. The work is very exacting, because a mistake in a cable, either received or sent, might be costly. So that the work of one member of the division is always carefully checked by another member, and the initials of the two appear as a record in order to place responsibility.

I remember an interesting incident which happened during the war in connection with a cablegram received from Paris. This cable gave instructions to open a commercial credit for 190,000 francs to cover the shipment of some foodstuff. The test word was checked, and seemed to agree if a date six days before was used. In view of the very poor cable service which we had during the war, and which has not improved very much since, it seemed reasonable to believe that the cable had been dispatched six days before. And so the credit was opened.

When the confirmation of the cable was received by mail, it was instantly discovered that the credit should have been for 62,000 francs only, and the cable was sent two days only before it was received in New York. In checking the message with the proper date and 62,000 francs instead of 190,000 francs, the test word was found to be correct. Fortunately there was time enough to correct the letter of credit before it could be used. How there could have been a mutilation of 62,000 francs so that the message when received read 190,000 francs remains a mystery to me.

This instance is given to show that too much care cannot be taken in handling a cable division.

The Commercial Credit division speaks for itself. It is not my intention to go into the details of Commercial Credits in this brief article. That shall serve as a subject of a later article.

The divisions of Nationalities are formed to develop business with the respective nationalities. If a Chinese enters a bank, he would much rather speak his own language; this is also true of a Greek or a Pole.

But how does a bank know what charge to make for a draft or a cable transfer? Foreign exchange is subject to the law of supply and demand the same as any other commodity. When there is an abundance of bills in the market, the price paid is lower; and, conversely, when there is a great demand for exchange the price is higher. That's the simplest way of putting it.

But a bank has many markets where he can go and buy and sell exchange. For instance, here in Chicago, if the local bid and asked prices are not satisfactory, we can go into the New York market and buy and sell. Every modern bank receives from his London and Paris correspondents a daily cable with information as to the rates of exchange in the London and Paris market.

It sometimes is more profitable to buy, let us say, Stockholm kronor in London than in Chicago or New York. Or one can buy sterling in Paris, or German marks in Stockholm, or Belgian francs in Germany, and so on. This is called arbitrage, and is too intricate a subject to be treated of in this paper. The poor cable service makes it very difficult to arbitrage successfully.

Foreign currency bills form the basis of a foreign department's stock in trade. With them he builds up his balances abroad. These foreign currency bills are drawn at sight and on time, that is, at ten, thirty, sixty and ninety days' sight, and cover commodities shipped abroad—cotton, wheat, flour, meat, steel, machinery, hosiery, etc., etc. Documents may be attached to the drafts or may be sent directly to the

purchaser abroad, dependent on the latter's credit standing and arrangement with the seller. But most bills have documents attached, as they are more easily negotiated with a bank by reason of their greater security.

A bank will buy a sight bill, let us say, on London, for £1276-9-8; that is, twelve hundred and seventy-six pounds sterling, nine shillings and eight pence, paying for it the market rate, which, let us say, is \$3.80 per pound. This bill is remitted to the bank's London correspondent, which collects the bill, crediting the proceeds to the bank's account.

On the same day the bill is bought, a man owing money in London for goods bought there, will come into the bank and buy a draft for £1250. The bank will draw its draft on its London correspondent and charges the customer \$3.80¼ per pound, thus making a profit of one-quarter of a cent a pound, or \$3.13. The draft for £1250 is duly presented in London and is charged against the Chicago bank's account.

Now, it is obvious that single operations such as described above do not as a rule offset themselves, but the illustration will serve. An active bank is buying and selling drafts of various amounts all day long, and the difference between its buying rate and its selling rate represents its profit. Sometimes a bank's sales are larger than its purchases, and then it has to go into the open market and buy exchange from some bank which has it to sell. And, on the other hand, its purchases may be greater than its sales, and then it goes into the open market as a seller.

I can remember fifteen or sixteen years ago when banks opened foreign departments under protest as a necessary evil simply to take care of their customers' requirements. To-day the functions of foreign trade banking are ever on the increase, keeping pace with the needs of American foreign traders and performing services which the old-time banker never dreamed of.

Doesn't this speak well for the future of American foreign trade?

# Keeping Out of Court

By John Edson Brady

**A** BORROWER presented his note to a bank for discount. The note had already been signed by a surety and it carried "interest from date." The cashier of the bank, merely for the purpose of putting the note in proper form, changed it to read "interest from maturity." He did not inform the surety about the change, but naturally assumed that the surety would not object to having his liability reduced. The maker defaulted and the bank sought to hold the surety. And then the bank found out that the change made in the note by the cashier, although it operated to reduce the amount for which the surety was responsible, released him from all liability. It would have been well worth that cashier's time to have known that much of the law before, rather than after, he discounted the note.

Not long ago the executor of an estate had an individual account in a New York bank. He deposited checks payable to himself as executor in his individual account. The executor owed the bank money on a note and he paid it with a check against his account. The bank believed the executor to be honest and assumed that he was paying the note with his own money. As a matter of fact the money belonged to the estate. The executor afterwards withdrew various sums belonging to the estate and used the money for himself. Although the bank had no actual knowledge that the executor was wrongfully using the money of the estate, it was held that the bank was liable. The amount of the judgment against the bank was more than \$15,000. This liability could have been avoided by requiring the executor to deposit estate funds in a separate account, and if the bank had understood the risk it was running it surely would have taken this step.

Most bankers know that a bank is liable to its depositor where it pays a check drawn by him which bears a

forged indorsement. Recently a bank, having knowledge of this rule of liability, adopted a rule to the effect that it would not be liable in such a case unless the depositor notified the bank within ten days after the cancelled voucher, bearing the forged indorsement, was returned to him. This rule was printed in the front part of the pass-books issued by the bank. A clerk in the employ of one of the depositors of that bank fraudulently obtained a number of checks signed by the depositor, aggregating more than sixteen thousand dollars. He forged the indorsements of the payees on the checks and collected them. The fraud was not discovered for more than ten days after the cancelled checks had been returned by the bank. The bank then claimed that, under the rule which it had adopted, the loss should fall upon the depositor. But, in attempting to protect itself, the bank had overlooked the most important thing. It had not called the rule to the depositor's attention. At least, when the case came to trial it was unable to prove affirmatively that the depositor had knowledge of the rule. And the court held that this was necessary in order to make the rule effective. The rule, which was lengthy and expressed in technical, cumbersome language, was what the court called a "trap for the unwary," which the average person would not take the bother to read. Printing it in the pass book was not enough. What the bank should have done was to have the depositor sign a card with the rule printed on it or adopt some other system which would enable it to show, if necessary, that the depositor actually knew of the existence of the rule. Having failed to do this the loss was on the bank and not on the depositor.

Each of these cases is an instance of liability that might have been avoided. Each shows a bank in difficulty, involving financial loss, which might have been forestalled, had not the

banker acted without a knowledge of elemental banking law.

A banker's time is limited. He cannot, as a rule, take up a systematic study of the law. But he can give a little attention to the current banking decisions. The practice won't take much of his time and it may enable him to avoid the costly errors that other banks fall into. Surely it is worth any banker's time to keep out of court whenever he can.

The cases referred to above do not stand alone. Similar cases are constantly being brought before the courts. A few of them are taken up in the balance of the space at my disposal.

#### A GUARANTY OF BONDS THAT DID NOT HOLD

A partnership, through its salesman, offered five \$1,000 bonds to a bank. The bank would not take the bonds without a guaranty that they would be paid. So the cashier of the firm wrote out a guaranty and delivered it to the bank. He did this on the authority of one of the two partners. The other partner, however, was the responsible member of the firm. The bonds proved to be worthless, and the bank sought to hold the responsible partner liable. It was held that it could not do so, as he knew nothing about the guaranty and the rule is that one member of a commercial partnership cannot bind the other members upon contracts of guaranty. *First National Bank v. Parson*, New York Court of Appeals.

#### BANK LIABLE FOR PAYING DEPOSIT TO SHERIFF UNDER EXECUTION

A customer of a bank, who was indebted to it, assigned to the bank an endorsement policy as security. When the policy fell due, the bank collected the proceeds, paid itself and credited the balance to the customer. The next day the sheriff appeared with a writ of execution in an action against the customer. The president and cashier of the bank, believing that they were acting properly, paid the balance on deposit, \$458.49, to the sheriff. But there

was a statutory provision, with which they were not familiar, and which declared that the proceeds of a policy, the annual premium on which is less than \$500, shall be exempt from execution. The court held that it was the bank's duty to have notified the customer, before paying the money to the sheriff. Having failed to do so it was liable to the customer. *Hing v. Lee*, California District Court of Appeal.

#### CASHIER'S FIDELITY BOND

Careless statements in applying for a fidelity bond, or for a renewal, may deprive the bank of all rights under the bond. This happened in a decision recently handed down. In applying for a \$5000 bond, to indemnify a bank against losses through the dishonesty of its cashier, the president signed a statement to the effect that the cash and securities would be examined weekly and compared with the books by the directors. These examinations were not made. And in applying for renewals the bank represented that the cashier had always faithfully and honestly accounted for all property in his control. As a matter of fact the directors and officers knew that the cashier had repeatedly permitted overdrafts contrary to their instructions. These circumstances, it was decided, relieved the surety company from all liability on the bond. *Fidelity & Deposit Co. v. Kane*, Court of Appeals of Kentucky.

#### HOLDING BACK PART OF LOAN IS USURY

A national bank loaned money on notes payable in Virginia at six per cent., the highest rate allowed by law in that state. The bank required the borrower to leave twenty per cent. of the amount of the loan on deposit, not subject to the borrower's check. It was held that this constituted usury. And under the Federal statute, which applies to national banks, the bank waived all right to interest on the loan and made itself liable to the borrower for twice the amount of the interest actually paid by him. *Planters' National Bank v. Wysong*, Supreme Court of North Carolina.

#### DANGER OF LIABILITY IN GUARDIANSHIP ACCOUNTS

The courts require extreme care on the part of banks in paying out trust funds. A general guardian opened a savings account in her name as guardian. She was an illiterate person and made her signature by mark. The pass book was in the possession of the surety company which signed the guardian's bond as surety. One of the company's rules required that all drafts be countersigned by the company. An unknown person obtained the book fraudulently and withdrew \$511.35 on two forged drafts. The drafts were not countersigned by the surety company, but they were paid by a teller who was unfamiliar with accounts of this character. The signatures on the drafts had been acknowledged before a notary and the person withdrawing the money had the pass book in his possession. Nevertheless the bank was held liable to the guardian for the amount withdrawn. The court pointed out that the bank should have made a notation on the signature card, showing that withdrawals required the approval of the surety company and further observed that a mere inquiry of the surety company by telephone would have uncovered the fraud. *Myerowich v. Emigrant Industrial Savings Bank*, New York Supreme Court.

#### CASHING CHECKS FOR AGENTS

A bank may make itself liable where it cashes a check for an agent, if it turns out that the agent does not account to his principal for the proceeds. In one case the plaintiff was a wholesale druggist. His agent collected a large number of his accounts in the form of checks. He indorsed the plaintiff's name on a number of these checks, aggregating \$3000, and then indorsed his own name as agent. Some of them he cashed at the defendant bank. Others he cashed at other banks, which sent them to the defendant for collection. The agent had authority to receive the checks, but he had no authority to indorse or cash them. He absconded with the proceeds. It was held that the de-

endant bank was liable for the full amount to the druggist. *Schaap v. State National Bank*, Supreme Court of Arkansas.

#### PAYING OUT BANKRUPTCY FUNDS ON UNCOUNTERSIGNED CHECKS

When a trustee in bankruptcy deposits funds in a bank the law provides for the method in which they are to be paid. General Order 29 declares that no funds so deposited shall be withdrawn except on a check signed by the trustee and countersigned by the referee or some other designated official. A New York bank paid out funds of a bankrupt estate on trustee's checks which had not been countersigned. The trustee wrongfully retained the money for his own use. It was held that the bank was liable to the surety on the trustee's bond for the amount of the misappropriation. The amount claimed was \$6600. *Fidelity & Deposit Co. of Maryland v. Queens County Trust Co.*, New York Court of Appeals.

#### CHECK PAYABLE TO CORPORATION DEPOSITED IN SECRETARY'S PERSONAL ACCOUNT

A check, payable to a corporation, was sent to the office of the company by mail. The check was for \$5000. The secretary of the corporation, without authority, indorsed the name of the corporation on the check by means of a rubber stamp. Under this he placed his own signature followed by the word "secretary." He deposited the check in his individual account. Before the fraud was discovered the secretary had withdrawn and appropriated \$2100. It was held that the bank was liable to the corporation for the entire amount of the check. The bank contended that its patronage would suffer if it were obliged to challenge the honesty of every person making a deposit of this kind. But the court observed that "desire for patronage, while commendable, should not be encouraged by the practice of unbusinesslike and irregular transactions." *Buena Vista Oil Co. v. Park Bank of Los Angeles*, California District Court of Appeal.



DISMISSAL OF NATIONAL BANK CASHIER

The board of directors of a national bank may dismiss the cashier of the bank at any time, with or without reason. The fact that the cashier may have a contract for a definite period of employment is immaterial; nor does the fact that there is a by-law providing for the annual appointment of the cashier make any difference. The reason is that the National Bank Act expressly provides that the board of directors may dismiss the cashier at pleasure. And the same rule applies to the president and all the other officers of the bank. It was so held in the case of *First National Bank v. Miller*, Court of Appeals of Georgia.

OSTENSIBLE LOAN FOR PURPOSE OF  
FOOLING BANK EXAMINER

There is always a possibility of getting into trouble through trying to deceive the bank examiner. A bank in failing circumstances was told by the bank examiner that it would have to rehabilitate its reserve. It borrowed \$25,000 from the defendant bank on a demand note. The money was placed to the credit of the failing bank, and it was not to be drawn against; the note provided that the defendant might at its option charge the note off against the deposit. Later the borrowing bank failed and it was held that the liquidator was entitled to recover the \$25,000 from the defendant. It was contrary to public policy for the failing bank to authorize one of its creditors to pay himself out of its reserve fund, to the prejudice of the other creditors. *Feliciana Bank & Trust Co. v. City Bank & Trust Co.*, Supreme Court of Louisiana.

NOTICE OF DISHONOR MUST BE  
GIVEN PROMPTLY

The law requires promptness in the giving of notice of dishonor, or notice

of protest, as it is frequently called. In this regard a poor excuse is the same as none. A bank was the holder of a note which was protested for non-payment. A line had been drawn through the signature of one of the indorsers. The bank did not understand what the line signified and it delayed sending notice to this indorser for six or seven days. The court remarked that "there is no apparent reason why the notice could not have been given while the inquiry was going on," and held that the indorser had been discharged from liability. *Emerson & Buckingham Bank & Trust Co. v. German American Trust Co.*, Supreme Court of Colorado.

BANK PROTECTED FROM LIABILITY FOR  
LOST CHECK

In many states, including New York, New Jersey, Michigan, Ohio and Texas, a bank which forwards a check for collection is liable to the owner if the collection is lost through the negligence of a correspondent bank. In a North Dakota case a bank received a check for collection and forwarded it to a correspondent. It was lost and before presentment could be made the drawer withdrew his deposit from the drawee bank. It was held that the bank which forwarded the check was protected from liability by the blank form which it used in acknowledging checks received for collection. The blank form contained the following stipulation: "All items (except checks on us) are credited subject to payment. For the collection of all items outside of the city we will observe due diligence in endeavoring to select responsible agents, but will not be liable in case of their failure or negligence, nor for the loss of items in the mail, nor for employing a circuitous route of collection, nor for sending direct to bank on which item is drawn." *Farmers' State Bank of Des Lacs v. Union National Bank of Minot*, Supreme Court of North Dakota.





## Observations of an Outsider

### A Non-Banker Gives His View-Point on Banking Service

I HAVE been getting a new angle on this business of banking. You know that advertising has now become pretty general among the banks. Most of this advertising is good—some of it not quite so good. However, I have been doing a little “gum shoe” work to see whether the new converts to the science of good advertising had really grasped the great cardinal principle of advertising—that the advertiser must at all times “deliver the goods.” Advertising that is not followed up by this “delivery,” is worse than no advertising at all. For the most part I have found that the advertising banks were really and enthusiastically “delivering the advertised goods,” but a few of them were not, and I believe that I have stumbled on the reason for the failure of these few.

In one case the bank bought its advertising copy “by the ream” from some “copy factory.” It was good stuff but it fitted any bank. It was good advertising for banks in general but it lacked the individual touch that would pin attention to that one particular bank. Perhaps this may seem hypercritical, but I believe that every bank has an individuality that can be expressed in its advertising and which makes it just a little bit different from every other bank.

In another case a bank ran some mighty good, snappy copy, telling of the service the bank offered. The copy was written by one of the officers of the

bank and was designed to bring people into the bank “to ask questions on their own personal financial matters.” The copy had the ring of sincerity about it. It brought a lot of people in—I was among them—with all sorts of questions. I asked a very simple, even elementary, question of one of the minor clerks. I was awarded with a pitying look for my simple-mindedness and a curt answer. That clerk had not been “sold” on the advertising of his own bank. I think the fault lay primarily with the officer who had charge of the advertising. He didn’t “follow through” to make sure that he could “deliver the goods.”

On the other hand I found a bank in a smaller manufacturing city that advertised that it would be open Saturday evenings and would “be glad to have you drop in when you came down town to do your Saturday night shopping.” The real essence of that advertisement was in that little word “glad.” Saturday was a hard day in that bank. During the day the big depositors and customers were in and business was humming. By night everyone was tired, but every man and woman, from the highest officer to the lowest clerk, was thoroughly “sold” on that word “glad.” They welcomed the small depositors of the “pay night” class with a good word and a glad smile—and they did a whopping big business. This bank delivered the goods it advertised.

A big bank in a big city published a

booklet on an important business subject of great interest. It advertised the booklet for free distribution. There were thousands of calls for the booklet. In the course of a few days after the advertisement appeared I called at the bank and asked for a copy. The clerk told me politely but with a rather bored air that he was sorry but they were all gone. That's all he said. I went away, but went back later and found a different clerk on duty. I made my request. He too told me that they were all gone, but he added: "Do you know, sir, the demand for that booklet exceeded our (get that 'our') expectations. If you will let me have your name and address I will see that you get one, as 'we' are rushing out another edition."

That's what I call "delivering the goods." Small, piffing matters? Well, don't be too sure of that. Remember I am an "outsider," and get the outsider's point of view.



The Liberty Bond campaigns brought a lot of people into the banks who had never been there before. Many of them were curious and wanted to ask questions. Many of the questions were almost foolish they were so simple, and yet they were important, not only to the questioner, but to the bank, for they meant the opening up of new channels of acquaintance that, by the great law of average, must develop at least a few deep channels if properly and carefully followed. I found that most of the banks with which I came in contact,

realized the possibilities and took full advantage of them. One bank found that among these timid questioners was a highly intelligent woman who had long wanted a checking account, but was afraid to acknowledge that she did not know how to make out a check. A business man had never been able to "dope out"—as he put it—how savings account interest was figured. Several people asked how to make out deposit slips. Another asked how much money he had to have before he could ask for a loan. Another woman asked whether a check made out on Sunday was legal. One woman had taken a long, hard trip each week to make a deposit, not knowing that she could "deposit by mail" and save her time and carfare.



I heard a woman ask a bank treasurer to explain to her the "Statement of Condition" which the bank had just published in accordance with the law and the call of the Comptroller. I stood up close and "listened in," because I have always had a hankering to ask that question myself, and I always wondered whether anyone really understood 'em, or read 'em, for that matter. That treasurer had a big job on his hand. He did his best. The woman left looking mystified, the treasurer looked relieved, and I left, wondering whether anyone read these "condensed statements" beyond the fellow that got 'em up, the compositor and the proofreader. Maybe this is sacrilege, but then, I am only an Outsider!



# American Institute of Banking Convention at Boston

**T**HE ANNUAL CONVENTION of the American Institute of Banking, held this year in Boston, June 15, 16, 17 and 18, brought out an unexpectedly heavy attendance. Very close to 1,000, delegates and their wives, were registered the first night and more arrived on the next two days.

Succeeding Gardner B. Perry, vice-president, National Commercial Bank and Trust Company, Albany, N. Y., as president of the institute, Stewart D. Beckley of the City National Bank, Dallas, Tex., will head the organization for the ensuing year. Mr. Beckley was vice-president last year. The new vice-president elected to succeed him was Robert B. Locke, of the Federal Reserve Bank, Detroit, Mich. The delegates chose Minneapolis, Minn., as their meeting place in 1921.

When it is considered that seventy-eight chapters are now listed in the institute, in cities all over the United States, the growth and usefulness of this organization among the younger bank officials and bank employees may be realized.

Except for interference by the weather the last two days of the convention, the delegates were all enthusiastic about the Boston meeting.

Following the get-together reception and dance at the Copley-Plaza Hotel the night of June 14, which opened the convention, the daily programs were equally divided between convention sessions and relaxation in the form of excursions, dinners and other entertainment.

An interesting feature of the convention was the annual debate on the subject: "Resolved: That the adoption of a scheme of industrial democracy, in which the worker has a voice and vote in the management of industry, is the best solution of the problem of industrial unrest." The Philadelphia chapter, taking the negative, gained the unanimous decision of the judges over

the affirmative team from the Los Angeles chapter. The teams:

Philadelphia—Paul B. Detwiler, Philadelphia National Bank; Howard E. Deily, Tradesmen's National Bank; William W. Allen, Jr., Philadelphia National Bank, with William F. Ritter, Central Trust and Savings Company, as alternate.

Los Angeles—George R. Klingdon, First National Bank; Miss Josephine M. Parker, Guaranty Trust and Savings Bank; J. E. Woolwine, United States National Bank, with Miss Eva M. Swalley, Security Trust and Savings Bank, as alternate.

Papers were read or addresses made on these subjects:

"Savings Department," George F. Kane, assistant treasurer, Security Trust Company, Hartford, Conn.

"Trust Department," William H. Stackel, trust officer, Security Trust Company, Rochester, N. Y.

"Advertising Department," Fred W. Gehle, advertising manager, Mechanics & Metals National Bank, New York.

"New Business Department," James B. Birmingham, assistant cashier, National City Bank of New York.

"Foreign Exchange Department," James P. Warburg, foreign department, First National Bank, Boston.

"How the Forum Should Be Conducted," J. H. Brennan, Atlantic National Bank, New York.

"Successful Publicity," A. C. Burchett, Bank of Commerce and Trust Company, Memphis, Tenn.

"To What Extent Should the Institute Participate in Public Affairs?" E. V. Krick, Savings Union Bank and Trust Company, San Francisco.

"Suggestions from Educational Committee, American Bankers Association," George E. Allen, educational director, New York.

"Making Chapter Meetings a Success," Allyn R. Munger, Hartford; Aetna National Bank, Hartford, Conn.

"Post Graduate Work," Carl Fenninger, Provident Life and Trust Company, Philadelphia.

"Greater Recognition by Banks of Institute Graduates," W. H. Wilkes, National Bank of Commerce, St. Louis.

"Chapter Finance," Percival Sayward, Boston Safe Deposit and Trust Company, Boston.

"Co-operation of Bank Officials," D. Miles Williams, First National Bank, Utica, N. Y.

"The Importance of Public Speaking and

Debate," William R. Ward, Oakland Bank of Savings, Oakland, Cal.

Under the head "Symposium on Federal Reserve System," with Joseph A. Broderick, vice-president, National Bank of Commerce, New York, directing it, the following addresses were made:

"Discounts and Advances," Frank J. Zurlinden, assistant to the Governor, Federal Reserve Bank, Cleveland, Ohio.

"Open Market Purchases," E. R. Kenzel,

Deputy Governor, Federal Reserve Bank, New York.

"Deposit and Transit System," O. M. Attebery, Deputy Governor, Federal Reserve Bank, St. Louis.

"Note Issues," Ray M. Gidney, manager, Buffalo Branch, Federal Reserve Bank, New York.

"Fiscal Operations," L. F. Sailer, Deputy Governor, Federal Reserve Bank, New York.

"Operating Functions of the Federal Reserve Board," R. G. Emerson, Assistant Secretary, Federal Reserve Board.



## News of the A. B. A.

**EVERYBODY SPEAKS** well of the banker, but does the banker speak well—that's the question.

The American Bankers Association program committee for the Washington convention in October, has sent out the "S. O. S." (send orators suddenly) for bank-orators to put on the program of what is being termed the "Bankers Commonsense Conference," to be held October 18-24.

Thomas B. McAdams, Richmond, Va., member of the program committee, sent out a request last week to all members of the executive committee, representing every state in the Union, asking that all bankers with reputations for expressing themselves well from the platform, be reported to the program committee.

"We want to make this a real bankers meeting. We want to hear from all the representative bankers of the country," said Mr. McAdams. "Our national meeting this year is going to lose all hurrah features. Conditions of the country require the attention of the bankers and we want to assemble a truly representative attendance at the American Financial Congress."

Chairmen of a dozen sub-committees, who will have charge of various phases of the work of arranging for the annual convention are: Joshua Evans, Jr., hotels; Harry V. Haynes, entertainment and George O. Vass, vice-chairman;

Maurice D. Rosenberg, souvenir booklet; W. T. Galliher, badges; W. W. Spaid, music; John Riordan, automobiles; George O. Walson, convention meetings; Frank G. Addison, Jr., committee on savings bank section; E. P. Wilson, trust company section; W. J. Waller, national bank section; G. W. White, clearing house section; Maurice Otterback, state bank section. Robert N. Harper is chairman of the executive committee.

That the peak of the business crisis has been passed was the view of Guy E. Bowerman, who addressed the Washington State Bankers Association, recently held in Seattle, Wash. "Just before leaving New York, I interviewed some of the New York bankers, telling them that I was going to the coast and asking them how I should present the situation," said Mr. Bowerman.

"My conclusions are that a much more cheerful view is now being taken and the general impression prevails that we have reached the peak, that the real crisis of the situation has been safely passed and that business, both large and small, will have a little better going from now on. If, however, we are to get the full benefit of this reaction, deflation must be rigidly continued.

"Under any analysis deflation proves to be an individual matter, or a matter for each individual bank, as no general

rule may be applied in a country whose interests are as diversified as ours. Successful deflation resolves itself into a matter of every bank's scrutinizing with utmost care every loan applied for and fearlessly refusing all non-essential loans, or those not to be used for the purpose of production.

"The country is gradually but surely getting back on an even keel, and is approaching what may be termed, I think, semi-normal conditions. If we all keep our heads and continue to exercise extreme business caution, we may, I am sure, look hopefully and with confidence to the very near future."

Mr. Bowerman also spoke before the Oregon Bankers' Association on June 15, at Eugene, Oregon.

The executive committee of the saving bank section of the American Bankers Association has received a detailed report, showing the marked growth in deposits of school savings, that increase appearing to have occurred at a time when sales of the Government's thrift stamps are greatly reduced. Thus, the New York city school board reports that the number of depositors was about 76,000 during the

last three school years (even during the war) and over 92,000 this year, the deposits being \$120,000 as against \$112,000 last year, with total transferred to individual pass books this year \$45,000 against \$33,000 last year. The school sales of government stamps this year (to February) were \$460,000 as against \$1,777,000 last year and \$4,000,000 in 1918.

Minneapolis shows the number of depositors for this and two previous years to have increased from 25,000 to 30,000 and now to 48,000 and the amount on deposit from \$27,000 to \$28,000 and now \$53,000. The sales of government stamps during the same years were respectively \$85,000, \$51,000, and this year to April 1 \$13,000. Duluth shows a similar situation.

The California system on April 1 last had 21,573 child depositors with \$564,337.37 to their credit, in sums from \$1 upward, with a record of \$5,400 net gain per month since the system was established. The proportion of withdrawals to deposits is about 40 per cent.



## New Acceptance Literature

**T**HE American Acceptance Council, 111 Broadway, New York, which, in connection with its nation-wide campaign of education, has issued an extensive list of booklets on bankers and trade acceptances, announces as its latest publication a pamphlet entitled "Some Principles of Bankers Acceptance Credits." This is the first of a series of studies of the whole subject of bankers acceptances, as permitted under the Federal Reserve Act and the Federal Reserve Board regulations. Copies of the present publication may be obtained on request by those who have special interest in the subject. In

announcing the booklet, the Council says:

"At present there exists a serious lack of unanimity among both bankers and users of bankers acceptance credits with regard to the sound and proper use of the acceptance facilities. As a result of its experience, deliberations and inquiries, the Council is convinced that practices have in some cases developed partly through lack of experience and understanding, and partly from the exigencies of the war period—which, if uncorrected, might ultimately lead to a disastrous consequence and restrictive legislation.

"The Council believes that it is preferable that restraints on banking and business be self-imposed in conformity with sound and tested practices and principles, rather than by legislative enactment, when to be effective they generally must be arbitrary and rigid.

"The Federal Reserve Act is provided with a flexibility to accommodate the needs of business in the wide discretionary regulatory powers of the Federal Reserve Board. These powers the Board so far has used very moderately. It has consistently given in its regulation a liberal interpretation of the Act, emphasizing its desire not to impose on the exercise of sound banking judgment, limitations hindering initiative and practice.

"The American Acceptance Council

feels that it would be most unfortunate if, through either ignorance or abuse of privilege, banks and business men should compel a change of attitude in the exercise of the regulatory functions of the Federal Reserve Board.

"It seems appropriate, therefore, that the Council should prepare this study of the whole subject of American bankers acceptances. In placing it before its readers, the Council recommends the work to the careful attention of its members and invites their hearty support in putting sound principles into actual practice. The ultimate fate of the American bankers acceptance—whether it will be directed by self-imposed rules or by law and governmental regulations—lies in the banking community's own hands."



## Financial Advertisers Association Exhibit at Convention in Washington, D. C.

**T**HE EXTENSION of educational work along lines of bank advertising and publicity, and the raising of standards of efficiency in this department of bank work, has been made a special feature of the work of the public relations committee of the American Bankers Association. The results of this work will be shown in exhibit form at the forthcoming A. B. A. convention in Washington in October. This committee is an innovation introduced by President R. S. Hawes at the beginning of his term.

The public relations committee has been in close touch with the work of the Financial Advertisers Association, as well as reviewing carefully the general character of advertising done by members of the American Bankers Association.

Upon an invitation extended by President Hawes, the Financial Advertisers Association at its convention held in Indianapolis June 6 to 10, instructed

that its exhibit then on display there should be displayed at the American Bankers Association convention at Washington October 18 to 22. This exhibit of the Financial Advertisers Association which is now the largest department of the Associated Advertising Clubs of the World is pronounced the most wonderful collection of bank advertising campaigns, specials, booklets, brochures, pamphlets ever assembled. Any member of the American Bankers Association who is interested in advertising and business-building could well afford to spend the better part of a week studying this exhibit. The exhibit is composed of fifty-four individual panels 26 inches x 72 inches in size and built in units of three. There are thirty-eight individual exhibitors and ten prizes awarded. The prize winners will be appropriately marked for the convenience of the delegates to the Washington convention. There will be a member of the F. A. A. in charge of the exhibit at

all times, who will conduct visitors through the exhibit, giving them such information as they may wish regarding any part of the advertising shown.

In addition to this exhibit, which will be the center of activities of the public relations committee, there will be a special afternoon program, authorized by President Hawes and arranged for by him, this program to consist entirely

of discussions of bank advertising subjects. This feature of bank work is to be given special attention through an address to be delivered before the general session by Fred W. Ellsworth, the retiring president of the Financial Advertisers Association, and also a member of the public relations committee of the American Bankers Association.



## When Will America Go to Work?

**“WE** read that France has gone to work, that England has gone to work, that Germany is working on a ten-hour basis, and finally that Soviet Russia is enforcing a conscription of labor for a longer working day than American industrialism would favor. When will America go to work?”

This is what W. A. Sadd, president of the Chattanooga Savings Bank, and vice-president of the savings bank section of the American Bankers Association, said before the Georgia Bankers Association. Continuing, he said:

“The tax situation seems to me to have received a lot of unfortunate discussion. Economists can demonstrate to the satisfaction of any open-minded individual that staggering as is our national budget the cost thereof to the ultimate consumer is several times the amount actually received by the Government. While not seeking in the least to minimize the relation of currency and credit inflation to the high cost of living, I would express the firm conviction that the absolute unnecessary waste and extravagance which make our national budget unnecessarily high, combined with the demonstrated faults in the na-

tional system of taxation, methods of financing which savor too strongly of political camouflage, have a bearing upon the high cost of living which the average man is too apt to overlook, that also, as labor represents between eighty and ninety per cent. in the cost of production, we have only to look about us to discover the great possibility for increased production per man and per hour of effort.

“Another important matter on which economists and financiers seem to agree as to the need for a revision of public policy is that of tax exemption of securities. Even our politicians have discovered that tax exemptions are reducing the sources of public revenue, that taxes upon corporations and all producing agencies are as a rule passed on to the consumer—and that the more a person is penalized in proportion to the size of his tax bill the more will he be encouraged to avail himself of newly discovered but legitimate ways for lessening his burden. Some one must pay the taxes. Therefore, every dollar which is exempted from that burden merely adds to the cost of the dollars which are taxed.”



# Banking and Commercial Law

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION

*Established 1810*

## **THE MECHANICS & METALS NATIONAL BANK**

of the City of New York

Head Office : 20 Nassau Street

**Capital, Surplus and Profits**

**\$25,000,000**

**Deposits, June 30, 1920**

**\$237,000,000**

**W**E complete the facilities of our correspondent banks by placing at their disposal the services of a Bond Department especially equipped to give responsible market executions and assistance in investment selections.



## ***To Bankers***

**WE** assume that the first thing a banker wishes to know when he begins to consider changes in quarters is:

How should a certain space be arranged to best meet present and probable future requirements?

To meet this need we offer a service which includes the planning of your quarters and an estimate of the cost of the entire operation, still leaving you in no way obligated to us for either the architectural or construction work.

Our charge is a very small one and the data prepared will be your property.

**FRED T. LEY & CO., INC.**

**BANK BUILDING DEPARTMENT**

**19 WEST 44TH STREET**

**NEW YORK CITY**

# Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts  
Upon Questions of the Law of Banking and Negotiable Instruments

## Check Payable to Corporation Not to be Deposited in Officer's Account

Wagner Trading Co. v. Battery Park National Bank, New York Court of Appeals, 126 N. E. Rep. 347.

**A** check, payable to the order of a corporation, should be deposited in the corporation's bank account. It should never be deposited in the individual account of an officer of the corporation. A bank which allows a check of this kind to be so deposited, assumes a serious risk. It assumes the risk that the officer may wrongfully use the money and neglect to account to the corporation for it.

The fact that the officer has authority to indorse the check in blank does not affect the situation. If the officer is not actually authorized to deposit the check in his own account the risk of his turning the proceeds over to the corporation is on the bank.

The reason is that the transaction is on its face irregular. It is a case of a principal's funds being deposited by an agent in the latter's own bank account. And the bank has notice from the form of the check that that is what the agent is doing.

In the opinion which follows it appeared that the president of a corporation indorsed in blank a number of checks payable to the order of the corporation. He had authority to indorse the checks in this manner, so his indorsements did not amount to forgeries. But, after indorsing the checks, he had no authority to do anything with them except deposit them to the credit of the corporation. In this instance the president withdrew the proceeds of the checks and appropriated the entire amount to his own use. It was held that the bank was liable to the corporation for the amount of the loss sustained by it.

## OPINION

Action by the Wagner Trading Company against the Battery Park National Bank. From a judgment of the Appellate Division, First Department, 184 App. Div. 885, 170 N. Y. Supp. 1117, unanimously affirming a judgment of the Trial Term upon a verdict directed by court in favor of plaintiff, defendant appeals by permission. Affirmed.

ELKUS, J. The plaintiff is a New York corporation. It was incorporated in April, 1910, at which time it acquired all the assets and business formerly conducted by one Christopher J. Wagner, who became its president, which office he held during the time of all the transactions here in question. Wagner also acquired 180 shares of the total 400 shares of the capital stock of the Wagner Trading Company at the time of its incorporation.

Section 4 of article 3 of plaintiff's by-laws provides:

"The treasurer shall have the care and custody of all the funds and securities of the corporation and shall deposit the same in the name of the corporation in such bank, banks, or trust companies as the directors may elect. He may sign checks, drafts or orders for the payment of money, but all checks and notes of the corporation signed by him shall be countersigned by such persons as may be designated for that purpose by the board of directors."

By article 3, section 2, of the by-laws the president was authorized to sign and execute contracts in the name of the company when authorized to do so by the board of directors, and also to sign checks, drafts and orders for the payment of money, but all checks and notes of the corporation, signed by him, shall also be countersigned by persons designated for that purpose by the board of directors.

In pursuance of this by-law, on April 7, 1910, the board of directors adopted

a resolution, providing that checks might be signed by the president, vice-president, secretary, or treasurer, but that such checks shall be countersigned by one Leggett or one Sloane, or by any officer of the corporation.

The plaintiff had its bank account with the Chatham & Phoenix Bank, but had no account with the defendant or any other bank.

A portion of the plaintiff's business was exporting merchandise to South America. Drafts were drawn by the plaintiff on the South American customer, and sent to the Bank of New York for collection, and in some cases advances were made by the Bank of New York upon these drafts while in process of collection. The proceeds of these drafts were paid and some advances thereon were made by cashier's checks of the Bank of New York to the order of Wagner Trading Company. These checks, to the number of 15, were indorsed, "Wagner Trading Company, C. J. Wagner, Pres.," the signature of "C. J. Wagner" being in the handwriting of C. J. Wagner, the president of the plaintiff corporation, the remainder of the indorsement being a rubber stamp impression. The first of these checks was dated May 17, 1915, and indorsed May 25, 1915. The last check was dated October 30, 1916, and indorsed October 31, 1916.

It is stipulated that no part of the "proceeds of said checks, to-wit, \$14,117.29, has been received by the plaintiff except the sum of \$85.37."

C. J. Wagner had a personal account with the defendant. In this account he deposited, among others, 36 checks, representing salary paid to him by the plaintiff between February 2, 1914, and April 3, 1916. These checks were drawn on the Chatham & Phoenix National Bank to the order of "C. J. Wagner," signed "Wagner Trading Company, C. J. Wagner, Pres." On the left margin of the check appears in print "Wagner Trading Company . . . . . Countersigned," with the signature in ink of W. H. Leggett, Jr., above the word "Countersigned." These checks were indorsed by C. J.

Wagner, and collected through the New York Clearing House in the usual course of banking business. This statement shows the relation of the parties.

Wagner, having indorsed the 15 checks made payable by the Bank of New York to the Wagner Trading Company, in the manner described, deposited them to the credit of his personal account with the defendant, which collected the proceeds in the usual course of banking, and held same for Wagner, and as his agent "paid out the proceeds thereof on the personal checks of Christopher J. Wagner," to use the exact words of the stipulation of the parties. The action is for conversion.

The facts showing the conversion are complete. Wagner had authority to indorse the checks, although no by-law or resolution is in evidence to that effect, but only for the purposes of the corporation's business, and not to transfer the checks to himself personally or for his personal use. The defendant endeavored to prove estoppel and negligence of the plaintiff. The trial court rightly excluded all such evidence. The plaintiff had no relations with and owed no special duty to the defendant. It was not a depositor of the defendant. When the defendant accepted the deposit of Wagner and became his banking agent, the defendant was in complete control of its relations with Wagner. It could, to safely protect itself in its dealing with Wagner, inquire as to his relations with the plaintiff, the authority he possessed, and could insist upon an examination of the plaintiff's by-laws and minutes if it thought that necessary to protect itself. When it accepted the checks payable to the plaintiff and indorsed by Wagner as president of the plaintiff for deposit to the account of Wagner himself, it did so at its peril to ascertain whether Wagner had authority to indorse them and by his indorsement transfer the money to be paid thereon to his personal account. *Cheever v. Pittsburgh, S. & L. E. R. R. Co.*, 150 N. Y. 59, 44 N. E. 701, 34 L. R. A. 69, 55 Am. St. Rep. 646; *Ward v. City Trust Co. of N. Y.*, 192 N. Y., 61, 71, 84 N. E. 585. If

Wagner had no such authority, title to the money in question never passed to the defendant, and, if it received it, it did so without authority, and must account and make payment to the owner. *Schmidt v. Garfield National Bank*, 64 Hun, 298, 19 N. Y. Supp. 252 affirmed 138 N. Y. 631, 33 N. E. 1084; *Sims v. U. S. Trust Co. of N. Y.*, 103 N. Y. 472, 9 N. E. 605; *Fidelity & Deposit Co. of Maryland v. Queens County Trust Co.*, 226 N. Y. 225, 233, 123 N. E. 370.

The transaction and decision are not affected by the fact that, relying upon the funds it supposed were deposited by Wagner, the defendant paid out funds upon Wagner's personal check drawn upon it. To do so would be to charge the plaintiff because of transactions with which it had no connection.

The rule governing this case is well stated in *Standard S. S. Co. v. Corn Exchange Bank*, 220 N. Y. 478, 481, 116 N. E. 386, 387 (L. R. A. 1918B, 575), where Pound, J., says:

"Any person taking checks made payable to a corporation which can act only by agents does so at his peril, and must abide by the consequences if the agent who indorses the same is without authority, unless the corporation is negligent \* \* \* or is otherwise precluded by its conduct from setting up such lack of authority in the agent.  
\* \* \*

"If the original indorsement was authorized, the diversion of the funds after indorsement would not make it a forgery; but, if the original indorsement was unauthorized, parties dealing with the wrongdoer and innocent parties alike were bound to know the lack of the agent's authority to convey title away from the true owner to any one."

Assuming as we do, that Wagner had general authority to indorse checks for the plaintiff's corporate purposes, this clearly does not authorize him to indorse checks to his own order and appropriate the money to his own personal use, and the nature of this transaction was such as to warn defendant that the

checks were being diverted from usual business channels.

A case in point, and far stronger for the defendant than the case at bar, is that of *Clafin v. Farmers' & Citizens' Bank of L. I.*, 25 N. Y. 293. There checks were drawn by the president of the defendant bank personally, to the order of third persons, and such checks were certified by the said president as good. The payees parted with full value. There, this court held, although the purchaser of the checks paid their full face for them and acted in good faith, that the plaintiffs could not recover and the president had no power to accept his own drafts or checks in behalf of the bank. It was a palpable excess of authority, and any person taking the paper was bound to inquire as to the power of the agent so to contract. The court said:

"No business man of common intelligence could take these checks in good faith, and without suspicion or notice of this fraud." 25 N. Y. 299.

The defendant also claims error because the court excluded evidence tending to show that the plaintiff's officers by an examination or audit of its books and records could have discovered Wagner's defalcations, and that the failure so to do was gross negligence; also that an inspection of the stubs and draft books of the plaintiff would have revealed to the plaintiff's officers that the drafts, the proceeds of which were represented by the checks in suit, were long overdue, and that statements of account, sent by the Bank of New York to the plaintiff, showed that the drafts had been paid. The defendant also sought to show that the books of the plaintiff had not been balanced during all the time within which Wagner had deposited the checks in suit to his individual account, and asked questions tending to show that the directors of the plaintiff never held a meeting. The defendant relies upon *Martin v. Niagara Falls Paper Manufacturing Co.*, 122 N. Y. 165, 25 N. E. 303, as authority for this claim.

In that case it appeared that the Niagara Falls Paper Manufacturing

Company, a New York corporation, executed a mortgage, which was given as a collateral and continuing security for the payment of all promissory notes made by it to the Manufacturers' & Traders' Bank. The plaintiff produced six promissory notes, aggregating \$60,000, all payable to the order of L. C. Woodruff and purporting to be made by the Niagara Falls Paper Manufacturing Company, by Lauren C. Woodruff, president, and indorsed by the payee, and all of the signatures and indorsements were in the handwriting of Woodruff. The notes in question were discounted by the bank pursuant to a written agreement between the company and the bank, by which Woodruff's authority, as president, to bind the company was expressly stated, and it was also provided that the notes and drafts were conclusively deemed for the benefit of the company, and it was liable for all such paper held by the bank. The agreement was executed by Woodruff, as president, on behalf of the company, pursuant to a resolution passed at a meeting of the trustees voted for by Woodruff and his daughter, who were the only trustees, and held all the stock of the corporation.

It was upon such evidence that this court held in that case that the company made itself liable for the debt to the bank, and that it was entirely competent for the stockholders of the corporation, no rights of creditors intervening and no fraud being claimed, to ratify Woodruff's acts and bind the corporation for the payment of the debt.

It was further shown in that case that there was no knowledge of the proceeds being used for Woodruff's benefit, and as Judge Brown said in that opinion (122 N. Y. 173, 25 N. E. 305):

"The facts of the case do not bring it within the rule which puts upon a holder of a promissory note or other corporate obligation the burden of proving by direct evidence that it was issued pursuant to a vote of the trustees, or for a corporate debt, or that the corporation received the consideration, in order to establish a corporate liability."

It appeared in that case that the com-

pany kept no bank account of its own; its banking business was done through the account of Woodruff, and in that account was deposited indiscriminately the money received by the company and by Woodruff, and from it were paid on Woodruff's individual checks substantially all the debts and liabilities of the corporation. It will thus be seen that the facts there were entirely different. The nature of the business carried on by the plaintiff herein did not raise the presumption that it was part of the president's duty to indorse checks and deposit them to his own personal account.

The trial court excluded the testimony offered upon the theory that the action was for money belonging to the plaintiff, and that it had been traced into the possession of the defendant. The defendant's counsel acquiesced in this theory of the case, and admitted upon the trial that he knew of no case where the claim of negligence could be maintained where there was no contractual relation such as a depositor has with a bank.

The courts are careful to guard the interests of commerce and to protect and strengthen its great medium, commercial paper, but they are also careful to defeat titles taken in bad faith or with knowledge, actual or imputed, which amounts to bad faith. *Claffin v. Farmers' & C. Bank of L. I.*, 25 N. Y. 293; *Rochester & Charlotte Turnpike Road Co. v. Paviour*, 164 N. Y. 281, 58 N. E. 114, 52 L. R. A. 790; *Moch Co. v. Security Bank of N. Y.*, 225 N. Y. 723, 122 N. E. 879; *Robinson v. Chemical National Bank*, 86 N. Y. 404; *Sprights v. Hawley*, 39 N. Y. 441, 100 Am. Dec. 452.

The evidence offered was immaterial as to this tort-feasor and his agent, and would not have influenced the verdict. *Wagner*, having no authority to indorse in behalf of the corporation for the purpose of applying the proceeds of these checks to his own account, could not transfer any greater right than he possessed to his agent for collection, the bank. *Porges v. U. S. Mortgage & Trust Co.*, 203 N. Y. 181, 96 N. E. 424. There was no offer of proof of express

ratification by the plaintiff, with full knowledge of the facts.

I am therefore in favor of affirmance of the judgment, with costs.

Judgment affirmed.



### Bank's Telegram That Money Has Been Remitted

*Carpenter v. Sparta Savings Bank, New York Supreme Court, Appellate Term, 182 N. Y. Supp. 172.*

A customer of the defendant bank instructed the bank to remit three thousand dollars to the plaintiffs. The bank wired the plaintiffs as follows: "Am remitting three thousand dollars for credit E. B. Culver." Before the money was actually sent the customer countermanded the order. In an action by the plaintiffs against the bank it was held that the sending of the telegram did not constitute a contract or render the bank in any way liable.

#### OPINION

Appeal from City Court of New York, Special Term.

Action by Joseph N. Carpenter and others, partners as N. L. Carpenter & Co., against the Sparta Savings Bank, impleaded with another. From an order denying the motion of the named defendant to vacate an attachment, on the ground that no cause of action was alleged against it, said defendant appeals. Reversed, and motion granted.

Argued May term, 1920.

PER CURIAM. The only question involved is whether defendant appellant, having been directed by one Culver, a customer of plaintiffs, to remit money for him to the plaintiffs, and having thereupon telegraphed to plaintiffs, "Am remitting three thousand dollars for credit E. B. Culver," is liable for breach of contract when, the order having been countermanded by Culver, the money was actually not sent by appellant. We are unable to see how any contract can be spelled out of the inci-

dents just related, nor does respondent explain what the contract was, or how any contractual relations arose.

Order reversed, with \$10 costs and disbursements, and motion granted, with \$10 costs.



### Check Paid on Forged Payee's Indorsement

*Prudential Life Insurance Co. of America v. National Bank of Commerce in New York Court of Appeals, 125 N. E. Rep. 824.*

When a bank pays a check drawn on it, upon a forgery of the payee's indorsement, it is generally held liable to the drawer of the check, that is the bank is not allowed to charge the check against the drawer's account.

But, where the drawer has been negligent and his negligence is responsible for the payment of the check, the bank is not liable.

In this case the drawer of the checks involved was an insurance company and the checks were drawn on the defendant bank. The checks had been sent by the company to its agent in Maine, for the purpose of delivering them to policy holders in payment of their claims against the company. The agent forged the payees' indorsements and cashed the checks. It appeared that the same agent had previously treated other checks sent to him by the company in the same manner and that the company had in its possession correspondence and other sources of information, from which it should have known what its agent was doing. It also appeared that, if the company had used proper diligence, it would have discovered the fraudulent practices of its agent in time to have prevented the payment of the checks involved in this action. It was held that a judgment in favor of the company against the bank should be reversed and a new trial granted.

#### OPINION

Action by the Prudential Insurance Company of America against the Na-

tional Bank of Commerce in New York. From a judgment of the Appellate Division (184 App. Div. 891, 170 N. Y. Supp. 1107), affirming a judgment entered upon a directed verdict, the defendant by permission appeals. Judgments reversed, and new trial granted.

CHASE, J. The plaintiff is an insurance corporation having its principal place of business in Newark, N. J. In 1912 and prior to that time one Eaton was its manager and agent for the states of Maine and New Hampshire, and had his office at Portland, Me. In the course of the plaintiff's business, and on March 18, 1912, it sent to Eaton at Portland a check drawn on the defendant bank to the order of Rena C. Phipps for \$1,983.26, dated on that day, which stated on the face of the check that it was "in full for all claims under policy No. 164,163" (being a policy in which said Phipps was the beneficiary), and on the 24th day of March, 1912, another check on said bank to the order of Ella M. Wade for \$1,633.70, on the face of which was a similar statement to the effect that it was in full of a specified policy. Said checks were sent to Eaton to be delivered by him to the payees thereof, but, instead of delivering the checks in accordance with his instructions, he in each case forged the name of the payee to the check, and deposited the same to his personal account with the Fidelity Trust Company of Portland, Me., and converted the proceeds thereof to his own use. The Phipps check was paid by the defendant on March 20, 1912, and the Wade check on March 28, 1912. The plaintiff demanded of the defendant that it return the amount so paid on said checks to it, but the defendant has neglected and refused to do so. This action is brought to recover the amount of said checks with interest. The trial court directed a verdict in favor of the plaintiff, and the judgment entered thereon has been unanimously affirmed by the Appellate Division.

The Negotiable Instruments Law (chapter 38 of the Consolidated Laws) provides:

"Where a signature is forged or made

without authority of the person whose signature it purports to be, it is wholly inoperative, and no right to retain the instrument, or to give a discharge therefor, or to enforce payment thereof against any party thereto, can be acquired through or under such signature, unless the party, against whom it is sought to enforce such right, is precluded from setting up the forgery or want of authority." Section 42.

It is conceded that the name of the payee in each of said checks was forged thereon by Eaton, and that he also personally indorsed said checks, and that they were paid by the defendant as stated.

The defendant claims that the plaintiff is precluded from asserting in this action the forgery of the payee's name on said checks, respectively, because Eaton, the manager and agent of the plaintiff, as stated, by his indorsement of the checks guaranteed the genuineness of the indorsement of the payees, and that the plaintiff is bound thereby.

The defendant's claim, in substance, is that Eaton by personally indorsing the checks in legal effect said to the trust company and all subsequent holders of the checks and to the defendant that the signatures of the payees on the checks and each of them was the genuine signature of such payee, and that he guaranteed the same, and also, that, as Eaton was the representative of the plaintiff at Portland, his representation and guaranty was the representation and guaranty of the plaintiff company.

The defendant bases its claim in large part upon the reasoning and conclusion stated in *London Life Insurance Company v. Molsons Bank* (5 Ont. L. Rep. 407), which is a report of a case at a trial of the issues therein before a judge without a jury. The decision in that case, so far as it supports the contention of the defendant, is not in accord with the decisions of this court.

This court in *Welsh v. German-American Bank*, 73 N. Y. 424, 29 Am. Rep. 175, says:

"The fact that the plaintiff intrusted checks to his clerk, \* \* \* who forged the indorsement, made him no



more responsible than if he had intrusted them to an expressman \* \* \* and the expressman had forged the name of the payee."

And in *Henry v. Allen*, 151 N. Y. 1, 45 N. E. 355, 36 L. R. A. 658, this court says:

"When an agent abandons the object of his agency and acts for himself by committing a fraud for his own exclusive benefit, he ceases to act within the scope of his employment, and to that extent ceases to act as agent."

See *Shipman v. Bank of the State of N. Y.*, 126 N. Y. 318, 27 N. E. 371, 12 L. R. A. 791, 22 Am. St. Rep. 821; *Frank v. Chemical National Bank of N. Y.*, 84 N. Y. 209, 38 Am. Rep. 501. Eaton had no apparent authority as an agent of the plaintiff to acquire the checks for deposit in his personal account.

We are of the opinion that Eaton, in forging the names of the payees of the checks and his indorsement of the checks following such forged indorsements, was acting independently of his agency, and wholly in violation of the same, and that the plaintiff is not responsible therefor. The guaranty of the genuineness of the indorsement of the payees by reason of Eaton's subsequent indorsement of such checks was the personal guaranty of Eaton, and not that of the plaintiff.

It is also claimed by the defendant that the plaintiff is precluded in this action from setting up the forgeries by Eaton of the checks under consideration because of its negligence in sending such checks to Eaton after knowledge of his previous forgeries and misapplication of its money or of facts which required the plaintiff to have made further inquiry and investigation into his acts before sending him such further checks.

It is also claimed by the defendant that the record discloses such conduct on the part of Eaton of which the plaintiff had knowledge, or ought to have had knowledge, before the checks under consideration were paid, as required it in good faith and fair dealing to have informed the defendant not to pay such

checks or at least which required the plaintiff to disclose to the defendant the possibility of irregularities or forgeries by Eaton in connection with checks sent by it to its Portland office that the defendant might have had an opportunity for special investigation of the indorsement of such checks before paying them.

Eaton had held his position with the plaintiff at the time of the forgeries of the two checks under consideration for about four years. Such forgeries were among the last of a long series of fraudulent and criminal acts in connection with his position as a district manager and agent of the plaintiff. As long prior to 1912 as the early part of 1910 one of the plaintiff's policy holders made application to Eaton for a loan by the plaintiff. An application therefor was forwarded to the plaintiff and passed upon favorably, which resulted in a check for the amount of the loan payable to the policy holder being sent to Eaton. He forged the name of the payee on that check, and deposited it in his personal account in the Fidelity Trust Company. Some time thereafter the policy holder who had not received the amount of the loan wrote to the plaintiff, making complaint because of the delay. The plaintiff wrote to Eaton, sending him a copy of the letter of the policy holder. Eaton forwarded his personal check to the policy holder, and wrote the plaintiff that payment had been made. The check of the plaintiff bearing the forged indorsement of the payee's name must have been in its possession when the letter of complaint was received, and the plaintiff, with the genuine signature of the policy holder on the application for the loan in its possession, could have known of the forgery by Eaton, if it had made a reasonable investigation of the check and documents in its possession. Similar forgeries by Eaton continued thereafter from time to time, and became more and more frequent until during the six months prior to March, 1912, Eaton forged the payee's indorsement on substantially every check that was forwarded to him for delivery to policy holders. It appears that Eaton forged

the signature of the payee on 100 or more of such checks.

Eaton collected the premiums on the plaintiff's policies in the states mentioned. A 30-day period of grace was allowed the policy holders after the premiums were due. Eaton took advantage of this fact to use the premiums promptly paid for himself. He not only persistently used such premiums during such period of grace, but frequently upon excuses to the plaintiff continued to use such money even after the 30-day period had expired. His use of such premiums was in effect called to the plaintiff's attention at different times by letters from policy holders, saying, in substance, that they had not received a receipt for the premiums paid by them. When Eaton's attention was called by the plaintiff to such complaints, he would reply with some feigned excuse for his failure to deliver such receipts.

The plaintiff inspected Eaton's office every six months, and the defendant claims that it knew, or should have known, at each of such times that Eaton had misappropriated some of the premiums collected by him. In November, 1911, an examiner for the plaintiff was at Eaton's office. At that time he had misappropriated premiums collected to the extent of about \$4,000. After the inspector arrived, and while he remained at the office, Eaton from day to day deposited in an account kept by the plaintiff in its name in said trust company of Portland exceptionally large amounts to make good the premiums that had been collected by him and not reported as paid. By such deposits he reduced the amount of his misappropriations about one-half. When the inspector left the office the misappropriations by Eaton of premiums collected by him and not settled and adjusted amounted to about \$2,000, knowledge of which the defendant claims that the plaintiff had, or should have had, at that time.

On February 27, 1912, the plaintiff sent to Eaton its check for \$425 to the order of John H. Cuzner and Eva May Cuzner in payment of the cash surrender value of a policy on Cuzner's life,

in which Eva May Cuzner was named as beneficiary. It was sent to Eaton for delivery to the Cuzners, who resided at Belfast, Me., about 125 miles distant from Portland. Eaton forged the indorsement of the Cuzners thereon, and deposited it to his personal account and the same was without delay collected from the Union National Bank of Newark on which it was drawn. It was paid by the Union National Bank on March 1. That bank returned plaintiff's checks, paid by it daily. This particular check was returned to the plaintiff on March 2, but the receipt by the Cuzners for the payment was not returned until many days thereafter.

On March 19, the day after the Phipps' check was drawn, but before it was paid, the plaintiff received a letter from Mr. Cuzner dated March 18, in which he called the plaintiff's attention to the surrender of his policy early in February for the purpose of obtaining the cash value thereof, and said:

"I have heard nothing from you since then. \* \* \* Please let me hear from you at earliest convenience."

The jury could have found that a casual comparison of the indorsements on the Cuzner check in its possession with the genuine signature of the Cuzners, also in plaintiff's possession, would have shown that the indorsements were not the genuine signatures of the Cuzners.

Nothing was done by plaintiff relating thereto so far as appears until March 21, when the plaintiff wrote to Eaton, saying that it had received a letter from Cuzner. In the letter it says that it forwarded a check to him, Eaton, on February 27 for the amount of the surrender value of the Cuzner policy, and further says:

"On referring to the check which has been paid and returned to us by the Union National Bank, Newark, N. J., we find that it bears the indorsement of the payees and also your indorsement. Kindly inform us if you cashed this check for Mr. Cuzner."

The plaintiff was by the letter of Mr. Cuzner received by it March 19, in-

formed that he was at Belfast, and had not received its check, although plaintiff knew that the check had in fact been promptly returned from Portland and paid upon the apparent indorsement of the payees, followed by Eaton's personal indorsement. No notice was given to the defendant of the facts about the Cuzner check, although the Phipps check was then outstanding and unpaid. Eaton replied that the check had been delivered to Spencer, a special agent, and returned by him because the insured wished two checks for different amounts. He then says:

"I therefore deposited the check and forwarded my checks in place and it seems the delay was occasioned by Mr. Spencer being out of town."

He adds that the matter is now satisfactorily adjusted. This was received by the plaintiff March 24. The check was then in the possession of the plaintiff, and it had been considered by it, as appears by plaintiff's letter to Eaton, and it necessarily knew that the statements in the letter of Eaton were false. On March 24 Cuzner wrote the plaintiff, acknowledging the receipt of a check from Eaton on March 23, nearly a month after plaintiff's check had been sent to Eaton for the Cuzners and it had been returned to the plaintiff apparently indorsed by the Cuzners. In such letter Cuzner said:

"Inclosed find letter I received with check from Mr. Eaton. I received no check from you, so could not have possibly indorsed it."

The letter of Eaton to Cuzner inclosed stated that the check of \$425 was handed to him therewith, and adds:

"Will arrange for Mr. Spencer to return the check which is in his possession."

This statement in the letter by Eaton to Cuzner was not true, and the plaintiff then had in its possession indisputable evidence of its being untrue because as stated the check with the forged indorsement was in its possession and had been for days. Notwithstand-

ing this evidence in the possession of the plaintiff it, on March 25, sent to Eaton the check payable to Ella M. Wade. He immediately forged the name of the payee thereto, and placed it in his customary way to his personal account, and it came back to the defendant bank for payment on March 28. The correspondence relating to the Cuzner check was called to the attention of the plaintiff's superintendent of eastern agencies on March 27, and he stated that Eaton would be at the office the next day. On the morning of the 28th, Eaton arrived at the plaintiff's office and confessed to said superintendent of agencies that he had forged the indorsements on the Cuzner check. He was referred to the president of the plaintiff, where he made a similar confession, but so far as appears he was not questioned in any way whatever in reference to other forgeries. So far as appears all other transactions were ignored. The conversation with said superintendent of agencies and with the president of the plaintiff occurred in the morning of March 28. The payment of the Wade check could have been stopped at the defendant bank at any time before 3 o'clock in the afternoon of that day. Nothing was done by the plaintiff. It does not appear that any examination whatever was made prior to March 28, 1912, with reference to the genuineness of the indorsement of the 100 or more checks that had been forged by Eaton. Unless special request was made by the plaintiff to the defendant bank, the checks paid by it were not returned to the plaintiff by that bank until the first of the following month. The checks paid by it in February were returned to the plaintiff March 1, and those paid in March were returned April 1. So far as appears no special requisition for the return of the checks that had been sent to the Portland office was asked by the plaintiff. On April 9, Eaton wrote the plaintiff, confessing that he had forged the indorsements on the Phipps and on the Wade checks. In the meantime the plaintiff had its examiners at the office of Eaton in Portland, and reports were

made from time to time by them to it. Eaton had also been attempting to borrow of the plaintiff on the value of the anticipated renewal premiums on policies written pursuant to the contract between Eaton and the plaintiff to pay his indebtedness. The plaintiff paid the claims of Phipps and of Wade by giving each of them a new check for the amount due them respectively. It is conceded that the plaintiff received some amount from Eaton to make good its losses by reason of his forgeries and misappropriations of its money, but the court refused to allow evidence of the amount of such receipts. On April 22, on the plaintiff's complaint or by its procurement, Eaton was arrested. After such arrest the plaintiff for the first time notified the defendant bank that the indorsements on the checks now in suit had been forged, and demanded the return of the money to it.

A depositor of a bank who receives from it a statement of his account with its paid checks as vouchers is bound to examine the account and vouchers and to report to the bank without unreasonable delay any errors which may be discovered. *Morgan v. U. S. Mortgage & Trust Co.*, 208 N. Y. 218, 101 N. E. 871, L. R. A. 1915D, 741, Ann. Cas. 1914D, 462; *Leather Mfrs. Bank v. Morgan*, 117 U. S. 96, 6 Sup. Ct. 657, 29 L. Ed. 811; *Dana v. National Bank of the Republic*, 132 Mass. 156.

The general rule stated in the *Morgan* Case in this court has been generally held not to extend to an examination of the indorsements of the payee of checks to ascertain the genuineness of such indorsements.

In *Crotten v. Chemical National Bank*, 171 N. Y. 219, 227, 63 N. E. 969, 972 (57 L. R. A. 529) this court says:

"When a depositor has in his possession a record of the checks he has given, with dates, payees and amounts, a comparison of the returned checks with that record will necessarily expose forgeries or alterations. It is true that it will give no information as to the genuine character of the indorsements,

and, because the depositor has no greater knowledge on that subject than the bank, it owes the bank no duty in regard thereto. *Welsh v. German-American Bank*, 73 N. Y. 424 [29 Am. Rep. 175]; *Shipman v. Bank of the State of New York*, 126 N. Y. 318 [27 N. E. 371, 12 L. R. A. 791, 22 Am. St. Rep. 821]. It is also true that verification of the returned checks would not prevent a loss by the bank in the case of the payment of a single forged check and probably not in many cases enable the bank to obtain a restitution of its lost money. It would, however, prevent the successful commission of continuous frauds by exposing the first forgeries. \* \* \* Considering that the only certain test of the genuineness of the paid check be the record made by the depositor of the checks he has issued, it is not too much, in justice and fairness to the bank, to require of him, when he has such a record, to exercise reasonable care to verify the vouchers by that record. \* \* \* If the depositor has by his negligence in failing to detect forgeries in his checks and give notice thereof caused loss to his bank, either by enabling the forger to repeat his fraud or by depriving the bank of an opportunity to obtain restitution, he should be responsible for the damage caused by his default, but beyond this his liability should not extend."

The reason given for not extending the rule to include an examination of indorsements for the purpose of determining whether they are genuine, is that the depositor has no greater knowledge on the subject of the genuineness of the signature of the payee than the bank. In the case now before us the plaintiff had in its possession the genuine signatures of each of the payees in the several checks whose names were forged by Eaton. Whether the plaintiff exercised reasonable care in examining the checks retained as vouchers by the defendant is a question of fact. *Critten v. Chemical National Bank*, *supra*; *Leather Manufrs. Bank v. Morgan*, *supra*; *Shipman v. Bank of the State of New York*, *supra*.

We think in this case that it was at least a question of fact upon the evidence before the Court, a brief statement of which we have given, whether the plaintiff was negligent in failing to examine the indorsements on the checks which had been returned to it by the defendant and other banks with the genuine signatures of the payees in its possession prior to the payment of the Phipps and Wade checks, and whether such negligence and the consequent failure of the plaintiff to notify the defendant of the information that it would have obtained by such examination contributed to the payment of said checks by the defendant bank.

It is permitted to a bank to escape liability for repayment of amount paid out on forged checks by establishing that the depositor has been guilty of negligence which contributed to such payment and that it has been free from any negligence. *Morgan v. U. S. Mtge. & Trust Co.*, supra.

We think it was also a question of fact whether the plaintiff, after it knew, or should have known that Eaton had forged the indorsement on the Cuzner check, was negligent in failing to notify

the defendant of such facts and the consequent danger of paying other checks sent by the plaintiff to its Portland office without special information and knowledge in regard to the genuineness of the payee's indorsements thereon.

We are also of the opinion that evidence to a reasonable extent should have been permitted to show that the amount recovered by the plaintiff from Eaton after the defendant bank had paid the Phipps and Wade checks included a repayment to it of the amounts in whole or in part charged to the plaintiff by reason of its payment of said checks, and also whether the defendant bank was prejudiced by the plaintiff withholding its knowledge of Eaton's crimes until after his arrest on April 22.

Because of the failure of the court to submit the questions of fact arising upon the trial to the jury for its determination thereof, and because of errors in the rulings of the court in excluding material evidence, the judgments should be reversed, and a new trial granted, with costs to abide the event.

Judgments reversed, etc.



## Deferred Credit of Checks by Federal Reserve Banks

UPON the above subject the accompanying letter from J. K. Beretta, president of the National Bank of Commerce, San Antonio, Tex., addressed to the Governor of the Federal Reserve Bank of Dallas, will be found of interest:

SAN ANTONIO, TEX., April 22, 1920.

Mr. R. L. VanZandt, Governor  
Federal Reserve Bank of Dallas,  
Dallas, Texas.

Dear Mr. VanZandt:

Yours of the 20th inst., referring to my letter of the 19th inst., in regard to "parring" checks, received.

To my mind, deferred credit of checks

is equivalent to discounting same. Therefore, the practice of the Federal Reserve Banks, of deferring credit, has changed the entire nature and working of the checking system of the country, and under the present system checks on other cities should not be taken on deposit at par by any bank. However, unfortunately, on account of the competition between banks, all of them do it, as far as I know, except where there is a doubt as to ultimate payment. Thus the "float" is carried by your member banks entirely. By refusing to carry the so-called "float," the Federal Reserve system has practically taken away from bank checks availability as an addition to the currency of the country. Therefore, it is my conclusion that the wide publicity of the "parring" of checks by the Federal Reserve system, is not in accordance with the real

facts of the case, and is misleading to the general public, to the great injury and inconvenience of the member banks, which are practically forced by this "par publicity" to accept at par for immediate credit checks which are not available at the Federal Reserve Bank, and which by the deferred credit plan are practically discounted. In other words, a check is worth its face less the interest for the time you take by your system of deferred credits.

The system of deferred credit of checks, naturally by reducing the available funds of a bank, is the cause of an additional demand on you for rediscounts. If checks were credited at par on receipt of same, borrowing on notes from you to that extent would be unnecessary. It requires now a great deal more of "cash and exchange" to handle our business than used to be the case.

As to the wisdom of the plan of the Federal Reserve Bank—that is a question for expert financiers to work out, and this letter merely states the facts as I see them, without intending to criticize—a plan for which you are, of course, not responsible.

Yours very truly,

J. K. BERETTA,  
President.



## Aims of "Thrift"

"WE must change the terms by which we talk thrift," said Mr. George E. Brock, president of the Home Savings Bank of Boston, when addressing the Vermont State Bankers Association.

"We have overworked that 'rainy day' argument," he continued. "For instance, talk to a husky young man about a rainy day. He is young and vigorous, and always expects to be; he is not looking for a rainy day. We will not get far with him with that argument, but connect his savings with his pay envelope, teach him that his savings will create a job, and the more he saves the more steady will be his job, and we may cause him to think. Let our slogan therefore be '*Save Your Money to Create Your Job: and Save More Money to Perpetuate Your Job.*'"

"A home budget system which starts with the question 'how much of my earn-

ings ought I to save?' and from that point distributes the remainder over the necessities of life, has in it much of the science of wise spending. We bankers who have been brought up to keep other people's cash right to a penny are apt to get careless with our own, but I believe the time will come, in these days when we are expected to give to the Government the most intimate details of our personal resources and liabilities, when a systematic budget will be of great assistance to us in making up our returns. It will add to our thrift and will assist us in being conservative in the use of our income."



## Bank Deposits Increase 165 Per Cent. in Ten Years

RETURNS following the last bank call show that there are 20,380,000 deposit accounts in the national banks in the United States, an increase of 165 per cent. in ten years. Pennsylvania led with 2,589,697 accounts; New York is next with 1,681,581 deposit accounts; and Illinois is third, with 1,197,040.

The resources of the national banks at the time of the last call, May 4, as just compiled, aggregate \$22,038,714,000, the highest point ever reached with the single exception of December 31, 1919.

Individual and demand deposits on May 4 stood at \$13,533,908,000, an increase over February 28 of \$230,541,000 and an increase as compared with May 12, 1919, of \$1,701,129,000.

Total deposits May 4, 1920, were \$16,924,543,000.

The ratio of loans and discounts to deposits May 4 was 72.61 per cent., which compares with 62.28 per cent. May 12, 1919.

Loans and discounts on May 4 were \$12,288,582,000, an increase since February 28, of \$294,059,000.

# Banking Publicity

Special Section of The Bankers Magazine

JULY 1920

## ANNUAL CONVENTION OF THE FINANCIAL ADVERTISERS' AS- SOCIATION

**T**HE Financial Advertisers' Association held its annual convention in Indianapolis June 6 to 10, as a department of and in conjunction with the Associated Advertising Clubs of the World. The sessions were held in the Odd Fellows Hall and the exhibits occupied the rotunda of the Capitol building. In the absence of President Fred W. Ellsworth of the Hi-bernia Bank & Trust Company, New Orleans, Vice-President Lloyd H. Mattson of the Corn Exchange National Bank, Omaha, presided.

The reports of the year showed splendid progress and an ever-increasing interest in higher standards of advertising. The treasurer reported that the association was within seventeen of its membership limit, which is 500.

A "Brass Tack" program, arranged by F. D. Conner of the Illinois Trust & Savings Bank, Chicago, was pronounced by the 300 delegates present the best in the history of the association, and this program covered every phase of advertising as applied to banking, such as newspapers, direct-by-mail, street cars, trade papers, and out-door advertising. Prominent speakers delivered addresses on "Why a Bank Should Advertise," "How the Banker May Help in Developing Agriculture," "The Financial Advertisers' Interest in the United States Department of Agriculture," "The Investment Bankers' Opportunity," "The Central File," and especial attention was given in the program to "How Financial Advertising Can Advance the

Truth - in - Advertising Movement."

A big feature of the program was conducted in the nature of a contest in which twelve especially chosen speakers made five-minute talks on "My One Best Bet," and a beautiful silver cup, offered by President Ellsworth, was won in this contest by Allen Herrick of the Guaranty Trust & Savings Bank, Los Angeles, Cal.

There were thirty-eight participating banks in the competitive exhibit which occupied 360 feet of space, and which showed marvelous progress

when viewed in comparison with the first exhibit of the first convention of the association in Philadelphia four years ago. The prizes were awarded as follows:

- I. FOR THE BEST GENERAL EXHIBIT:
  1. Guaranty Trust Company, New York.
  2. Old Colony Trust Company, Boston, Mass.
  3. United States Mortgage & Trust Company, New York.

(Continued on page 51)



The Pierson Cup for the best display of financial advertising which was awarded this year to the Guaranty Trust Company of New York

## Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

JULY 1920

ONE way to economize in the matter of illustrations for bank advertisements is to have an artist draw one good size picture of your building and its surroundings, for example, and then use different sections of the picture at different times. Thus you get several pictures for the price of one.



A MANUFACTURER of fine paper makes the suggestion that in buying printing one should not get twenty competitive bids from as many different printers and give the work to the man with the lowest estimate, but to select your printer on the basis of service rather than price, employing him on the same basis as you would a physician or a lawyer. In other words, let your printer cooperate with you rather than merely work for you, the idea being he is the one best qualified to select the right paper for the particular job.



SYNDICATE bank advertising is all right, especially for institutions which cannot afford to pay for the individual kind. However, it should be employed with great care to avoid such an embarrassing situation as arose in a central western city when one bank ran in its advertisement identically the same

text matter as had appeared in the advertisement of a competing bank in the same city the previous week, due to their both using a service from the same agency. The mistake was made in assigning the same copy to two banks in one city.



It is just as much an advertising proposition to stimulate and revivify lukewarm present depositors as it is to go into the highways and byways and compel new ones to come into the fold. The only difference is that persons already interested in an institution naturally are more quickly attracted by an advertisement of it than a rank outsider would be, and having noticed it, the chances are greater that favorable action will be taken in regard to the suggestion made.



JOSEPH H. APPEL, Director of Publicity for the John Wanamaker Stores, says:

"Merchandise is dumb—until seen; then it speaks louder than words. To bring people into the store to see the merchandise—to speak for the merchandise until it can speak for itself—is the first step in advertising."

While this was said primarily of merchandise, the same is true of banking service. The first function of a good bank advertisement is to bring people into the bank. Then it is comparatively easy to convince them of the value of a bank account and the various services and facilities which the bank has to offer. But

just as in the case of mercantile advertising, it is very important that the service the bank renders should measure up to and square with the premises made in the advertising.



IN THE "C. & C. News," the daily bulletin of the Continental & Commercial Banks, Chicago, appeared recently a clever parody on Kipling, which emanated, we ween, from the facile pen of A. D. Welton. It has a good moral in connection with backing up advertising. The verse is as follows:

"It ain't the credit nor standin',  
Nor funds that they can pay,  
But the close coöperation  
that makes them win the day.  
It ain't the individuals,  
nor the bank as a whole,  
But the everlastin' team work  
of every bloomin' soul."  
—*Apologies to Kipling.*



DID YOU EVER stop to consider what a wide audience the approximately 30,000 banks and trust companies of the country can reach through their advertisements? If every financial institution, or at least one institution in every community where there is a daily or weekly newspaper, were to publish just one advertisement a year on the real meaning of Americanism, for instance, every reader in the nation would be reached. What a potential power for good in this presidential year!



**Financial Advertisers Con-  
vention**

*(Continued from page 49)*

**II. FOR THE BEST CAMPAIGN :**

1. Old Colony Trust Com-  
pany, Boston.  
(Magazine and Newspa-  
per campaign.)
2. Bank of Italy, San  
Francisco.  
(Newspaper campaign.)
3. Continental & Commer-  
cial National Bank,  
Chicago. Newspaper  
campaign.

**III. FOR THE BEST INDIVIDUAL  
PIECE :**

1. Irving National Bank,  
New York.  
'Matching the Growth of  
American Business.'  
(Adv.).
2. National City Company,  
New York.  
'Men and Bonds'  
(Booklet).
3. Old Colony Trust Com-  
pany, Boston.  
'The Natural Power  
House of New England'  
(Adv.).

A most encouraging develop-  
ment of the convention was the  
willingness of several of the  
charter members of the organi-  
zation who have served it so long  
to continue to give time to the  
work being done for financial  
advertising, even to the extent  
of accepting commissions for  
another year. H. M. Morgan,  
the first treasurer of the Asso-  
ciation, and always one of its  
sponsors, but who was out of  
the "harness" for the duration  
of the war due to his seeing  
service, consented to accept the  
office of Secretary for the en-  
suing year in order that the  
Central Office arrangement  
might be continued in St. Louis  
and perfected. M. E. Holder-  
ness, Guy W. Cooke, and Fred  
W. Ellsworth, all former presi-  
dents, consented to serve as  
members of the National Com-  
mission in order to complete  
certain important constructive  
work that has been outlined for  
the association.

Excerpts from some of the  
most significant of the addresses  
are given as follows:

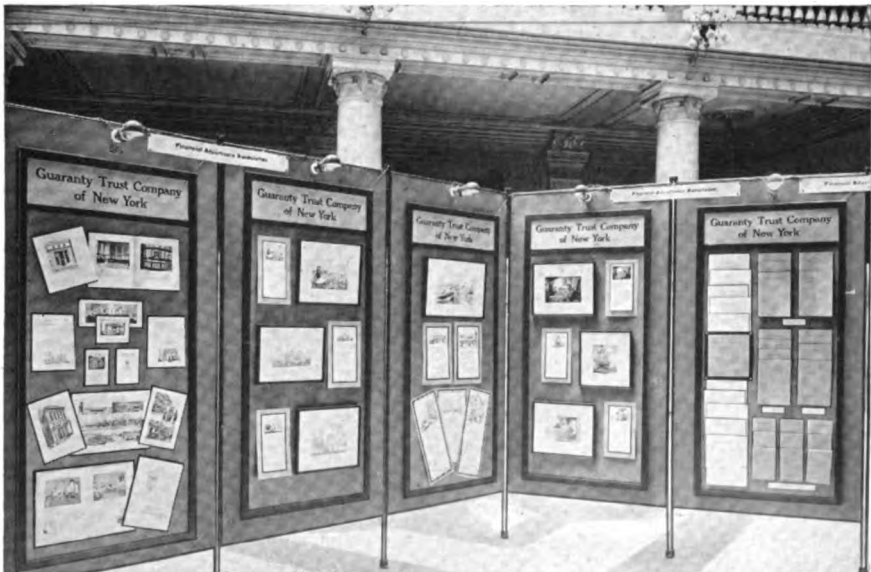
**NEWSPAPERS RECOMMENDED**

"Newspapers are a most val-  
uable advertising medium for  
every financial institution, but  
they must be used with a full  
appreciation of their power, and  
under a definite and well-  
formed plan, in order to make  
them pay in a maximum deg-  
ree," said Leonard R. Brooks,  
Publicity Manager of the Chi-  
cago Daily News.

"Financial advertisers should  
use newspapers for identically  
the same reasons that depart-  
ment stores use them," he said,  
"and they cannot get along  
without them. Both have mer-  
chandise to sell. Both require  
the interest and attention of the  
largest possible market.

"But to sell his merchandise  
as department stores sell their  
merchandise through newspa-  
per advertising, the financial  
advertiser must use the news-  
paper with the same under-  
standing of its merchandising  
value that has been the foun-  
dation stone of department  
store success.

"For, finance is merchandise.  
Whether it is bonds, banking



This Advertising Exhibit of the Guaranty Trust Company of New York won first prize at the recent  
convention of the Financial Advertisers Association in Indianapolis

facilities, trust functions, stocks, mortgages—whatever its nature, finance is merchandise in exactly the same sense that calico is merchandise, and it can be sold to a vast and constantly increasing market in identically the same manner that calico is sold or that shoes are sold or that automobiles are sold or that any one of a thousand service functions are sold.

"But no merchandise, least of all finance, can be sold by negative methods.

"Even the great power of newspaper advertising is not great enough to sell merchandise by negative methods."

#### STREET CAR ADVERTISING

"The rainbow was the first great advertisement," declared O. N. Frankfort of the Chicago Elevated Advertising Company, in discussing street car advertising. "It has position. It has color. It holds out promise of benefit. It affords repetition because it repeats in the same position and color and promise after every rain."

He said he took this statement from Arthur Brisbane because it so well fitted the idea of the use of street car advertising.

"The uniformity of the space in street cars," he said; "the fact that no one has a larger space than you have in the car, permits you to forget your competitor in the same medium as regards the size of space used. You are in competition only in the proportion in which you are able to use colors more effectively than does your competitor. Your art work and the terseness of your copy combined will make for you the best card in the car—the best card in the car of course dominates.

"Car advertising is not elastic. There are only a definite number of cards in each car, so then it is now the hope of all car advertising organizations to select the best advertisers in the country for the cars. Cards in the cars to-day make up a

very picture gallery of the best known advertisers in the United States. Banks are certainly warranted in giving this important medium their closest and most earnest consideration, because color shouts—because we have the circulation—because our mode of advertising is really dignified—and because we do talk in pictures, in colors and with brief selling text."

#### IMPORTANCE OF AGRICULTURAL PROSPERITY

The astounding extent of the farming business in the United States, the need for greater appropriations for the promotion of the work of the Agricultural Department, and regret that the appropriations under which the departments will operate during the next fiscal year are inadequate were problems dealt with in an address delivered by Edwin T. Meredith, Secretary of Agriculture, and former President of the Associated Advertising Clubs of the World.

"All other business," he said, speaking of the farming business, "whether financial or mercantile, or industrial, is dependent upon it. Other lines may appear to be the outstanding features of the business structure, but agriculture is the foundation. If that foundation is deep-set and solid, the superstructure resting upon it is safe. If it is weak, if it totters or crumbles, the whole structure is shaken.

"Agriculture is by far the largest business in the United States. If the farmers of this country should decide to go into some other business, to branch out, as we say, they could sell their live stock and crops for one year, and with the money received, buy all the railroads in the United States, together with all the rolling stock and other equipment. If they wished to go out of the farming business entirely, they could sell their farms along with their crops and live stock, and with the money received buy all the

railroads, all the manufacturing establishments, all the mines and all the quarries in the United States. Their live stock and their crops for a single year would pay practically the entire National debt. The investment in agriculture in the United States is \$80,000,000,000. The value of crops and live stock last year was \$25,000,000,000."

Mr. Meredith enumerated many remarkable accomplishments of the Department, showing how its work has contributed to the prosperity of all of the people, of every business.

"The appropriations under which we will operate during the next fiscal year," he said, "beginning July 1, are approximately \$2,185,000 less than the amount at present available. We have had this year only barely enough money to keep our essential activities in operation, but now we shall be forced to discontinue many of the projects, to curtail others, and to suffer impairment of efficiency in still others. I had prepared, just before I left Washington, a statement regarding the work that must be discontinued or curtailed. I call it a statement, but it was hardly more than a catalogue of the names of projects that must suffer because of reduced appropriations. Yet it covered ten typewritten pages."

#### REVIVING OLD ACCOUNTS

Finding, after 56 years of successful savings bank operations, that it had a large number of small inactive accounts, the Canada Trust Company of London, Canada, sought to convert inactive accounts into active ones. D. McEachern, secretary of the company, in his address described the method which proved so successful that loss was turned to profit.

"After a considerable amount of research work," said Mr. McEachern, "by the use of directories and correspondence the addresses of these inactive de-

positors were brought up-to-date. Personal letters carrying a human interest appeal were then mailed. Each of the depositors was informed of the amount of his balance at the time the account was last used, whether six, eight, ten or twenty years ago. The interest additions during the intervening years were then pointed out. Many were told that if regular deposits of say \$20 per month had been made, the balance of their credit would now be \$547.68 instead of only \$35.42, as the case might be. In many instances it was found that a depositor was now resident in another city where we maintain a branch office. He was promptly invited to allow us to transfer the account to that branch. Strange to say, many had completely forgotten they had a balance with us. Imagine the feeling of good-will upon being told of 'found money' in days like these.

"This plan of reviving old accounts—while it sounds simple—takes careful planning, energy and hard work to carry through."

#### "LISTENING IN ON THE FARMER'S LINE"

How the National Bank of Commerce of Sioux City lined up the farmers of that district was described in an interesting fashion by Miss Eva Dean of that institution. Her subject was "Listening In on the Farmer's Line."

"Financial institutions of the middle west," she said, "are inter-dependent with the farming industry. We especially have consistently sought the farmer's friendship. We know that when the nation demanded his sons and helpers and almost in the same breath besought increased production, the farmer literally bent his back to the problem and achieved. During the bureaucratic oppression of the war, he struggled on. Afterward, with help as scarce as

ever and prices higher than ever, he looked up to see the whole world plunging madly into personal gratification and calling back at him hysterically, "Produce! Produce twice as much—and save us!"

"It seemed the opportune time to give the producer his chance to reply!

"We wrote to a representative list of farmers in our own neighborhood asking: "What is the most important question of the day involving the American farmer?" We took the pertinent parts from the replies we received, had them printed in pamphlet form, and mailed them to the list we had questioned.

"The one outstanding opinion in all these replies seemed to be that under existing conditions, decreased production was inevitable. Therefore, we sent out a second letter to the same list, asking opinions as to how production might be increased. Twice as many answered this letter as had answered the first one, and again we collected abstracts from the answers in pamphlet form and mailed it to the list questioned.

"The 'Opinions on Production' has interested a much wider audience than its intended one. Requests for it have come from significant and unexpected places, among them one of the most advertised departments of the government. Many asked for it to use in combating radicalism; for in all our letters, there has not been one that was lurid, or that did not advocate the doctrine of *work*.

"The great pregnant difficulty revealed by the letters on production was the unwillingness of the young people of the farmer's family to stay on the farm. Therefore, we have written again asking opinions from those who know most about it, as to what thing or things may be done to counteract this tendency. The replies are coming in now, and seem, in our opinion, to be prompted by a desire

to help solve a difficult problem.

"Many farmers made personal visits to our bank to explain why, for one or another reason, they had not answered the letters, and to promise to do it in future. Some came on business and mentioned the 'opinions.' Occasionally one has come with a personal difficulty such as the man who told, with tears in his eyes, of a son who would no longer stay on the farm, and asked if employment could be found for him in the bank. But a notable and wholly unforeseen result of the experiment were farmers who came for advice relative to their blue-sky investments. Clear-headed and keen in their own problems and national problems, they seemed very helpless in the hands of the stock companies whose paper they have signed. The bank has had opportunity to be of real service in straightening out this kind of a deal.

"A banker cannot offer cut rates from 10 to 1 on Monday—as a merchant does. Financial advertising is, after all, merely building up a reputation in a community. Good reputations are slowly built up at best. Therefore, it has seemed well worth while in an agricultural community, and I don't know why it should not be well worth while elsewhere, to give the vital farmer his opportunity to be heard.

"Incidentally, it may also be an opportunity for an institution to put on the new uniform of 'public service!'"

#### ONE BANK'S "ONE BEST BET"

The "one best bet" of the National City Bank of Chicago in building its savings department, according to Miss Jessamine G. Hoagland, was the presentation of a handsome flag to each new depositor.

"In 1915," she said, "the stage was set for just such a campaign as we inaugurated. With every new savings account of \$5

or more we presented an American flag, 5 x 6 feet in size, with an 8-foot flagpole. We did not look on this as a 'premium' in the ordinary sense of the word. It was a business getter with a motive behind it, our advertisements reading 'A Flag for Every Home,' and it was of such good quality that we were sure it would be appreciated and given proper care. We distributed over a period of six weeks about 3,500 of those flags and could have continued indefinitely with equal success, but felt that to be most effective a time limit should be set. When we first opened this campaign, the working force of our savings department numbered three people—two in a cage and one at the desk to open new accounts. An average of 25 to 50 new accounts a day would have been a fair volume of business. But when we jumped to 75 to 100 accounts a day, you can understand that our resources were taxed to the limit. The deposits on new accounts during the 1915 campaign were more than \$50,000.

"In 1916 our savings department was moved to the ground floor of our building and during the opening weeks in our new location we inaugurated another flag campaign for new accounts which was even more successful. About 3,200 accounts were opened with initial deposits of more than \$81,000. On the day before Preparedness Day we opened 615 new accounts. In our first campaign we did considerable advertising but in the second and third campaigns but little advertising was necessary. Boxes containing our flags were seen in every street car and in every elevated train and we had inquiries from all parts of the city. Our new accounts were only limited by the number of flags we felt we could distribute at that time."

#### GROWTH OF THE F. A. A.

The splendid growth of the Financial Advertisers' Associa-

tion was described interestingly in the report of Fred W. Ellsworth, president of the association.

"The membership committee, under Chairman Grimm," he said, "has increased the membership of our Association from 419 to 498 so that our membership today consists of 471 active members and 25 associate members.

"The committee, of which Mr. Holderness is chairman, appointed to formulate rules governing exhibits, has produced a document which I am sure will prove decidedly beneficial in rapidly and permanently developing this feature of our annual meetings.

"Our Association during the year has become more closely affiliated with the American Bankers' Association through the public relations committee of that association, which has in its membership Messrs. Morehouse, Holderness and your president.

"More than half a hundred of our members have accepted appointments as members of a larger publicity committee which will work with the public relations committee of the A. B. A. in still further popularizing the banks and the business of banking. And right along this line, it seems to me that we of the Financial Advertisers' Association, because of our equipment, our experience and the very nature of our daily employment, can perform a tremendous and far-reaching service, not only to ourselves, not only to our association, not only to the banks, but in a larger sense to the general community. The banker is very much misunderstood by the average man. The members of our association, by means of their daily advertisements and all other forms of advertising which are employed, can exert a powerful influence in correcting this undesirable and unfair situation. We, ourselves, know that the banker serves his community com-

petently, unselfishly and frequently at a great expense to himself. But the general public does not know this. We should tell them.

"The public relations committee of the American Bankers Association is designed to conduct a continuous campaign of intelligent, accurate, constructive education and our association can cooperate with this committee and can also assist by independent action and thus, in addition to our regular employment, perform a great big altruistic service; the result of which cannot fail to have a large part in the solution of our social and economic problems."

#### REPORT OF SECRETARY

"Financial advertising," said W. J. Bramman, secretary of the Financial Advertisers' Association, in his annual report, "has demonstrated to the world that it possesses the power to sell war securities to finance the greatest, most costly war in the world's history, and in consequence, has won the abiding faith and confidence of the business man and the conservative financier.

"The Financial Advertisers' Association has justified its existence by service, not only to its members, but in raising the standards of practice in financial advertising. It has filled its mission beyond the dreams of its originators.

"Advertising is recognized as being preëminent among the factors which enter into successful banking. During the coming year it must necessarily play a still greater part in the affairs of finance. It will behoove the association to prepare to meet the demand which must necessarily be made upon it; in that it has gained the favor of the prudent banker.

"To the men who have directed the affairs of the association much credit is due. They have created an organization of fellowship and service. During the past year there has grown a

closer relation and a magnificent spirit of coöperation among the members of the F. A. A. which is most gratifying and helpful and must make for a greater and better association if fostered."

#### HELPING THE PUBLIC TO INVEST

"The banker and investment broker have a great duty, as well as an opportunity, growing out of the present ability of the public to invest funds in the industries of the country," declared Charles A. Otis, of Cleveland. He especially stressed the need for fighting untruthful advertising.

"There is before us not only a great opportunity," he said, "but a great duty to point out to those who do save the proper course into which to direct their funds. One means of direction is through constructive advertising and publicity, and it is my belief that in this we have a great medium.

"The investment banker and the broker as well must now assume to a greater extent than ever his responsibility of a form of trusteeship. I am happy in the belief that the banker and broker—of course always referring to those of character and integrity—is held now in much greater respect by the public generally than ever before.

"This majority of real thinking people, and real Americans believe that business is honest and that our great financial institutions are really what they are, the backbone and mainstay of progress and development. While it may seem that the relations between capital and labor are now at a point of critical disagreement, I believe that fundamentally this relationship is really becoming better understood by everyone.

"It is so obvious to everyone that the development of industry is impossible without the assistance of financial channels that the feeling of partnership in the minds of the public is growing stronger continuously.

This is demonstrated by the continual investment by the public in the securities of these corporations. It is my belief that the more closely the investment houses coöperate the more quickly will come the development of this confidence.

"All we can do to stamp out the unsound, impractical, and really dishonest advertising and promotion, the more we enhance our trust to the investing public."

#### PERSONAL SERVICE IN BANKING

The modern bank, animated by knowledge of the fact that the forerunner of growth is service, is doing things for its customers which would not have been thought of a few years ago. Edward H. Kittredge, manager of the publicity department of the Old Colony Trust Co., Boston, in an address before the financial section of the advertising convention, early this afternoon, pointed to some interesting facts as to what banks are doing for their patrons.

"The day has long passed when a banker has fulfilled his function by printing in gold letters over the front door the name of his bank and the amount of its capital and surplus," he said, "and perhaps publishing several times a year a statement of his bank's condition. Time was when the banker himself retired to his inner office and surrounded himself with an atmosphere of reserve, so that it was only with trepidation that the customer approached him for the purpose of securing accommodation.

"The banker of today surrounds himself with the atmosphere of cordiality. He makes a decided effort to meet his customers freely and sympathetically, and tries to make them feel that they are as important to the bank as the bank is to them. In other words, he humanizes his institution and tries in every way to establish a personal contact with his cli-

entele, and realizes that 'big-ness' is not the test, but 'service' whereby he and the institution are measured.

"The motto of every progressive bank is 'Service' to its customers *first, last and all the time.*

"That is why the banks have rendered such constructive service since the enactment of the first Federal Income Tax Law in 1913 in instructing the public with regard to the intricacies of the income tax. That is why, during the war, the banks of the country did everything in their power to sell to the American public the vast War Loans, and succeeded in it. That is why today bankers are calmly and persistently pointing out that thrift—not spending—production—not lavish consumption—conservative deflation and not wild inflation are the factors needed to pull us out of the condition in which we find ourselves.

"Take as an example of what I mean the experience of my own company. As the result of its conspicuous income tax service, offered freely to the public whether patrons or not, we have created such strong and confidential friendships that many individuals have written our company into their wills as executor or trustee. My company has developed many excellent customers for its bond department through the educational work which it did when selling the Liberty Loans. The Old Colony Trust Company has honestly preached thrift and more production, and is fearlessly practicing the policy of deflation in unessentials indubitably at the expense of its deposit column. It, however, has lost none of its prestige, nor the good will of its intelligent clients."

#### OUTDOOR ADVERTISING FOR BANKS

Outdoor advertising is being employed by a growing number of banks, including many of the largest and oldest in the coun-

try. H. E. Erickson in his address showed that outdoor display lends itself very readily to the advertising needs of the banks. Speaking of the use of outdoor display generally, he said:

"It is interesting to note that of all the various business classifications the greater number of users are the banks of the country. In Chicago alone we have contracts with thirty-four banks, ranging from the large banks downtown, such as the National Bank of the Republic—a pioneer in outdoor advertising—to the community banks, located in districts away from the center of the city.

"There are over a hundred banks using outdoor advertising at present in this country. They include the older and more conservative banks, such as the First and Old Detroit National Bank, of Detroit, Mich.; The Home Savings & Trust Co., of Cleveland; The Home Savings & Trust Co., of Denver; The Ohio Savings Bank & Trust Co., of Toledo; Mercantile Trust Co., of St. Louis; The Peoples Trust Co., of Kansas City; Continental National Bank of Indianapolis; Louisville National Banking Co., of Louisville, Ky.; Tootle-Lacy Bank, of St. Joseph; The Hi-bernia Bank & Trust Co., of New Orleans."

#### BANKER AND FARMER

With but fifty-three farm laborers for every 100 needed in the United States to-day, the country faces a most serious situation, and one which vitally affects the cost of living. The bankers of the country, more than anyone else, should take cognizance of this fact and help in every way to increase the production of the farms, declared H. M. Cottrell, agriculturist of the Little Rock (Ark.) Board of Commerce.

"It is the duty," he said, "of every banker and bank in the United States to do the utmost to better farm conditions and

to increase profitably farm production. The bankers must do this because they have the ability and power to do it and because the supply and cost of food and clothing intensely and intimately influences every line of finance, manufacture, transportation, selling and of professional work in every part of our country from our great cities to the one-store cross-roads settlement.

"The bankers control the credits and capital of our country and the proportion of each that the different lines of endeavor shall have. They are in close contact with every line of business and with every kind of men. They are acquainted with conditions and methods in other countries as well as our own. They can organize the business men as well as themselves to do active work in causing the readjustments necessary to secure sufficient farm labor to produce an abundant supply of food and raw material for clothing and a profit for the producers equal to that for equal investment and labor in other lines. The farmers will gladly accept the bankers' leadership because of the character and ability of the bankers.

"Six months in advance of the planting and seeding of every farm crop, the bankers in the territory where the crop is to be raised should know of the nearest ample supply of high yielding, strong germinating seed, and seed that will bring crops of high market quality. The supply should be adequate for replanting in case of floods, droughts or early damage by pests. Good seed is the foundation for high yields and good profits and it is the duty of every banker in a farm community to see that the farmers in that community have the seed for each crop that will bring them the largest yields and greatest profits."

The speaker cited the value of work which bankers have done toward the establishment

of clubs of young people on the farm for the purpose of interesting them in bigger production and better stock and methods. The banker, he showed, is in an excellent position to help with all such movements, and inasmuch as the prosperity of the whole community depends upon the financial condition of the farmer, it is well worth the time of the banker to do what he can.

#### TOO MUCH POOR BANK ADVERTISING

There is little excuse for so much poor bank advertising, for the banker has time to prepare attractive and constructive advertisements. He is not rushed like a merchant might be when he must announce current clearance sales and other similar events, said Everett R. Currier.

"Looking over the whole field," he said, "or such of it as I have been able to examine, we must agree that financial advertising in general is not merely indifferent, but downright bad. In the main it is slovenly, drab, confused, down at the heel, and utterly without distinction. Even when the story is good, it gets so badly beaten up and defaced in the telling that it makes hard and unconvincing reading.

"I could make a list as long as your arm of things that are wrong, such as a lack of clean-cut, central idea; poor use of white space; too many kinds of type; illegible hand-lettering; crooked borders; poor etching.

"As I look them over I feel like exclaiming, 'No wonder the average banker does not believe in advertising!' How can he be expected to believe that such advertising pays?

"I don't know why it is that bankers should be actually the worst offenders against decently clothed advertising—why they should be so slow in coming to realization of the real power of advertising and of the importance of doing it right. Many of them seem still to be living in the same dead past that said

it was wrong to play a fiddle in church. But, you know that it is not the fiddle but the tune that counts.

"There might be some excuse for a storekeeper rushing clumsily into print with a bargain sale advertisement. But for the banker to outdo him in clumsiness and slovenliness is just as poor taste and as bad business as it would be for him to rent a defunct corner saloon and install his bank there without alteration of the premises. You like marble fronts for your banks, with nicely carved letters over the door and everything according to the architectural Hoyle. You know that is good business, that it gives evidence of security and stability, and other virtues that banks are supposed to possess. But why the inconsistency? Why should your printer's ink representative be 'Something else again?'"

ELECTION OF OFFICERS

The following officers and directors were elected: President, Lloyd H. Mattson, Corn Exchange National Bank, Omaha, Neb.; first vice-president, F. Dwight Conner, Illinois Trust & Savings Bank, Chicago, Ill.; second vice-president, W. W. Douglas, Bank of Italy, San Francisco; third vice-president, E. H. Kittredge, Old Colony Trust Company, Boston; secretary, H. M. Morgan, St. Louis Union Trust Co., St. Louis; treasurer, C. A. Gode, Merchants Loan & Trust Co., Chicago.

Directors: F. W. Ellsworth, Hibernia Bank & Trust Co., New Orleans; W. R. Morehouse, Guaranty Trust & Savings Bank, Los Angeles; F. W. Gehle, Mechanics & Metals National Bank, New York; Jessamine G. Hoagland, National City Bank of Chicago, Chicago; Ethel B. Scully, Morris F. Fox & Co., Milwaukee; D. McEachern, Canada Trust Company, London, Ont.; D. D. Bailey, First National Bank, Tulsa, Okla.; Fred M. Staker,

Commerce Banks, Kansas City, Mo.; J. W. Groves, Minnesota Loan & Trust Co., Minneapolis, Minn.; Flavie C. Adams, National Bank of Kentucky, Louisville, Ky.; George L. Hern, City National Bank, Dallas, Tex.; James I. Clark, National Bank of Commerce, New York; C. H. Wetterau, American National Bank, Nashville, Tenn.; Carroll Downes, Philadelphia National Bank, Philadelphia.

The members of the Financial Advertisers' Association took a lively interest in the affairs of the Associated Clubs, and were conspicuously active in the interest of Chas. A. Otis, who was elected president. M. E. Holderness of the Financial Advertisers' Association made the nominating speech.

Mr. H. B. Grimm, who has been prominently identified with the Financial Association for the past two terms and who was a vice-president, took an important part in the proceedings of the convention and announced at the convention his new business connection with the Har-

vey Blodgett Company of St. Paul. The Association, through its committee on resolutions, took official recognition of the splendid services rendered by Mr. Grimm and expressed regret that he would find it necessary to become an associate member.

The next convention will be held in Atlanta, Ga.

Of interest to all bankers is the announcement that the Financial Advertisers' Association has arranged to send the complete exhibit just as it was at Indianapolis to Washington, D. C., for the benefit of delegates to the Convention of the American Bankers' Association in October. This exhibit will be under the auspices of the Public Relations Committee of the A. B. A., which has arranged a special afternoon session on bank advertising.




Education is an achievement, not a bequest.

—Elbert Hubbard.

## VARIOUS METHODS IN VARIOUS LANDS

As varied as their costumes are the business methods of different peoples. To further its customers' interests abroad, it is necessary for a bank to establish relations with competent banking houses the world over.

Backed by the experience of more than a century, The Bank of America is prepared to render authentic reports on market and trade conditions, and to co-operate constructively with American business in marketing its products overseas.



THE BANK OF AMERICA

ESTABLISHED 1812  
with which is merged

*Franklin Trust Company*

New York and Brooklyn

The advertising of these two recently merged institutions in the New York newspapers is attracting much favorable comment

## GIVE THE RIGHT IMPRESSION BY YOUR ADVERTISING

A PRINTING house of quality recently put out some very clever advertising of their own business. Some of it applies with equal force to the advertising of bankers, as for instance:

If we were in the truck business we would use an argument like this: "As your truck goes 'round the town, folks appraise it. Is it battered or dilapidated? They make mental note of that. But if it is a good looking, substantial truck, your name will leave the right impression. Right or wrong—folks are forced to estimate you by your representatives."

Have you ever closely considered the impressions you get from printing that is mailed you by other business houses? Why, you even judge some firms by their letterheads, don't you? "Shoddiness in his very letterhead," you will say. Or, on the other hand, the clear, dignified sheet spells confidence to you.



He that will not apply new remedies must expect new evils.

—Robert Bacon.

### Books on Bank Advertising

**Bank Window Advertising.** By W. R. Morehouse. Illustrates and describes many displays which can be adopted by enterprising banks to an endless variety of subjects. Price, \$3.00, postpaid.

**Bank Deposit Building.** By W. R. Morehouse. Contains practical and proved methods of increasing your business and holding it. Copiously illustrated. 350 pages. Price, \$4.00, postpaid.

**Bank Letters.** By W. R. Morehouse. Contains 22 actual letters reproduced by multigraph, designed to meet every need of ordinary bank correspondence. Price, \$5.00, postpaid.

**The New Business Department.** By T. D. MacGregor. Describes how a bank can systematically cultivate and secure new business from various sources. Illustrated with forms, etc. Price, \$1.25, delivered.

## Which is Right?

*A question on advertising methods for you to decide*

Two men recently commented upon our advertising.

The elder, enjoying a youthful mind at 81, wrote enthusiastically about one of our advertisements which was based on an actual incident—told in a natural way.

The other, unusually serious-minded for his 35 years, said to us: "I think your advertisements tend to be undignified. I like plain formal statements."

Thinking perhaps some of our readers share our serious-minded friend's viewpoint, we print the following advertisement written with the traditional dignity of a Trust Company.

**The  
Columbia Trust Company**

Acts for Individuals as

Executor	Trustee
Administrator	Guardian
Custodian of Securities	

▼

Acts for Corporations as

Trustee	Transfer Agent
Depository	Registrar
Agent for Voting Trusts	

▼

Foreign Exchange and Commercial  
Letters of Credit

▼

Deposit Accounts Welcomed

16 FINANCIAL DISTRICT  
 20th Street  
 Wash. D. C.

**COLUMBIA  
TRUST  
COMPANY**

111 BRIDGE STREET  
 2nd Floor  
 Wash. D. C.

Member of Federal Reserve System

IF YOU HAVE BEEN READING our advertisements, we shall be glad of your views—as to which style of advertising copy gives you the more understandable idea of the services we offer.

COLUMBIA TRUST COMPANY

CHICAGO, 1916. C. F. C.

Here's an advertisement that should interest every bank publicity man. It presents a problem which nearly every banker has often considered



# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

- A**
- Adams, F. R., Will County National Bank, Joliet, Ill.  
American National Bank, Pendleton, Oregon.  
American Savings Bank, Springfield, Mo.  
Ansley, D., Central Trust Co., San Antonio, Tex.
- B**
- Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.  
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.  
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.  
Bankers Magazine, The, New York.  
Bauder-Baker, Union Bank Bldg., Chicago, Ill.  
Baughner, E. M., president, The Home Building Association Co., Newark, Ohio.  
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.  
Bernheim, E., Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Mass.  
Billings, K., asst. advertising mgr., Scandinavian American Bank, Tacoma, Wash.  
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.  
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.  
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.  
Brown, G. W. C., assistant secretary, Tidewater Bank & Trust Co., Norfolk, Va.  
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, H. C., vice-president, Penn National Bank, Chester, Pa.  
Busbee, Minnie A., manager Advertising Department, American Bank of Commerce & Trust Co., Little Rock, Ark.
- C**
- Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.  
Cotton Belt Savings & Trust Co., Pine Bluff, Ark.  
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.
- D**
- Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.  
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.  
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.  
Delson, Louis E., publicity manager, Central Trust Co. of Illinois, Chicago, Ill.  
Distelhorst, Walter, advertising department, First Wisconsin National Bank, Milwaukee, Wis.  
Downes, Carroll, manager, commercial service department, The Philadelphia National Bank, 421 Chestnut St., Phila., Pa.  
Dysart, W. R., cashier, First National Bank, Ripon, Wis.
- E**
- Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.  
Ekirch, A. A., secretary, North Side Savings Bank, New York City.  
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.
- F**
- Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.  
Frost, Lloyd A., treasurer, Guaranty Trust Company, Cambridge, Mass.
- G**
- Garner, Percy, publicity manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.  
Gehle, Frederick W., manager advertising department, Mechanics & Metals National Bank, New York.  
Gehrken, George A., manager, New Business Dept., Seaboard National Bank, New York.  
Gerzo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.  
Grimm, H. B., director, Dept. of New Business, St. Joseph Valley Bank, Elkhart, Ind.  
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.
- H**
- Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.  
Hamsher, C. F., president First National Bank, Los Gatos, Cal.  
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.  
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.  
Higley, J. N., advertising department, First National Bank, Youngstown, Ohio.  
Hilliery, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.  
Hodgins, J. H., Statistical Dept., Union Bk. of Canada, Toronto, Canada.  
Hoffman, A. C., manager, department of publicity, Security Trust & Savings Bank, Los Angeles, Cal.  
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.  
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.  
Holderness, M. E., vice-president and adv. mgr., First National Bank in St. Louis, Mo.  
Hudson, Paul L., assistant cashier, First National Bank, Corona, Cal.  
Hunter, Harold G., Secy and Treas., Kansas City Terminal Trust Co., Kansas City, Mo.  
Hutchins, E. M., publicity manager, Seaboard National Bank, New York.
- I**
- Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.
- J**
- Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.  
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, Chicago, Ill.  
Johnson, E. W., Warren National Bank, Warren, Pa.  
Jones, Marshall H., asst. cashier First and Citizens National Bank, Elizabeth City, N. C.
- K**
- Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.  
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.  
Keeton, Monroe, manager Savings Department, Merchants & Farmers Bank, Meridian, Miss.  
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.  
Kommers, W. J., president, Union Trust Co., Spokane, Wash.

## L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.  
 Le Beau, Mae (Miss), publicity department, Hibernia Bank and Trust Co., New Orleans La.  
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.  
 Lyons, Chas. S., Puget Sound Bank and Trust Co., Tacoma, Wash.

## M

McCorkle, Josephine C., publicity manager, The City National Bank, Evansville, Ind.  
 McDowell, J. H., American Trust and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, Ohio.  
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.  
 Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.  
 Merrill, Frank, advertising manager, Northwestern National Bank, Minneapolis, Minn.  
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.  
 Mills, W. C., New Business Department, Metropolitan Trust Co., 69 Wall Street, New York.  
 Miner, J. H., manager, Dept of Public Relations, Seattle National Bank, Seattle, Wash.  
 Monteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.  
 Morgan, L. J., advertising manager, First National Bank, St. Joseph, Mo.  
 Mueller, John, 49 Sonneggstrasse, Zurich, Switzerland.  
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

## N

Norberg, P. G., publicity manager, Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.  
 Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

## O

Overton, J. A., cashier, National Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Painter, W. H., assistant to the president, Security National Bank, Dallas, Texas.  
 Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.  
 Peole, John, president, Federal National Bank, Washington, D. C.  
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.  
 Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.  
 Pratt, Thomas B., Henry L. Doherty & Co., 69 Wall Street, New York City.

## R

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 Reid, Carol S., publicity manager, People's Bank, Ltd., Hilo, T. H.  
 Rittenhouse, C. M., Farmers Loan and Trust Co., New York.  
 Rouff, Melvin, assistant cashier, Houston National Exchange Bank, Houston, Tex.  
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.  
 Ryland, Cally, manager, new business department, American National Bank, Richmond, Va.

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 Schlenker, Almot, cashier, First National Bank, Brenham, Tex.

Sciater, A. G., Union Bank of Canada, 49 Wall St., New York.  
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.  
 Sellow, Waldo W., Albert Frank and Co., 14 Stone Street, New York City.  
 Shepherd, George W., c/o International Trust Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.  
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.  
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.  
 Staker, F. M., manager, publicity dept., Commerce Trust Co., Kansas City, Mo.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.  
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.  
 Stover, J. C., secretary-treasurer Indiana Savings and Loan Association, South Bend, Ind.  
 Streicher, John H., new business department, the Commercial Savings Bank and Trust Company, Toledo, Ohio.  
 Sutton, Frederick T., publicity mgr., Mercantile Bank of the Americas, New York.

## T

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 Wadden, Thomas A., vice-president, Lake County Bank, Madison, S. D.  
 Wells, Geo. T., assistant cashier, Denver National Bank, Denver, Colo.  
 Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.  
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.  
 Williams, John L., vice-president, Woodside National Bank, Greenville, S. C.  
 Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Mass.  
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 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

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 Clabaugh, S. F., assistant to the president, The City National Bank, Tuscaloosa, Ala.  
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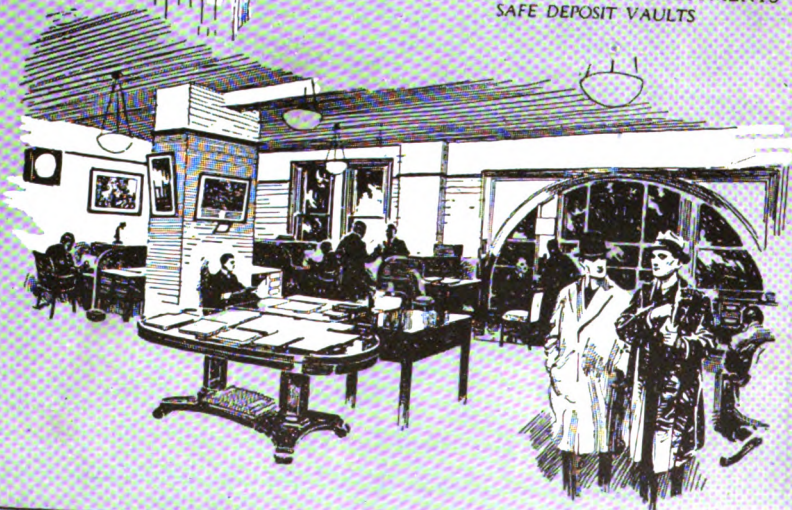
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# The Economic and Financial Situation of Switzerland

By Nicholas Petrescu, Ph.D.

[This is the second of a series of articles on European banking conditions by Dr. Petrescu, who is now in Europe for THE BANKERS MAGAZINE.—Editor.]

**A**LTHOUGH AN ISLAND OF peace during the war, Switzerland has not escaped the consequences of the world conflict. Her economic life presents all the symptoms which one finds in other European countries, whether belligerent or neutral. This fact is perhaps the best illustration of the economic interdependence of the world. It clearly discloses the truth that a country, however isolated and prosperous it may be, depends upon the state of affairs in the rest of the world.

There are two main factors which have contributed to the economic and financial difficulties of Switzerland: the shortage of coal and the exchange situation. Both factors are determined by the abnormal conditions prevailing in other countries, so that an amelioration cannot be expected in Switzerland as long as such conditions do not disappear elsewhere. Since the coal and exchange problems are exercising a detrimental influence upon Switzerland's economic and financial situation, it is well to give an account of the various causes which have led to the present difficulties.

## COAL SHORTAGE

Economically Switzerland has always been dependent on foreign imports, by being an industrial and comparatively populous country with a limited food production. From this point of view Switzerland is in the same position as England, with the difference that she has neither coal mines, nor the opportunities of sea transportation and the resources of a colonial empire. To make up the deficit caused by the importation of foodstuffs, Switzerland must produce

and export industrial articles. Her chief source of national income lies, therefore, in her industries. Under such conditions it is a vital question for Switzerland to have fuel in sufficient quantity.

Before the war Switzerland imported over three million tons of coal yearly from Germany, France and Belgium.\* In 1913, a record year as regards the industrial production of the country, the quantity of coal imported amounted to 3,379,000 tons, of which 84 per cent. came from Germany, 10 per cent. from France, and 6 per cent. from Belgium. During the war the imports fell from 3,107,000 tons in 1914 to 2,141,000 tons in 1918. In 1919, the total import of coal amounted to 1,694,088 tons only.

The above figures show that the diminution in the coal imports has been continuous since the beginning of the war. The figures for 1919 represent a diminution of 50 per cent. in comparison with the imports of the year 1913. This state of affairs was the result of the conditions brought about by the cessation of hostilities. Germany, the chief purveyor, was unable to furnish the same quantity of coal as before. By losing a great portion of her coal mines, she reduced the coal exports to Switzerland to 167,600 tons in 1919, which compares with a high record of 2,845,000 tons reached in 1913. Fortunately France and Belgium were able to supply a larger quantity of coal in 1919 than before the war, the first 333,200 tons, and the second 366,200 tons. Great Britain equally furnished 60,900 tons during the same period. A substantial relief came from the United States, namely, 230,400 tons.

Several measures have been taken by the Swiss authorities and manufacturers

\* For the following figures I am indebted to the monograph "Die Schweizerische Volkswirtschaft im Ubergangsjahr 1919," issued by the Swiss Bank Corporation.



to solve the coal problem. In March, 1919, a Swiss Coal Corporation (Schweizerische Kohlen Genossenschaft) was founded in Basel under the supervision of the federal government and with the purpose of controlling the importation and distribution of coal. Furthermore, the domestic production of fuel is being encouraged, and a reduction in the consumption of coal is being strictly observed. The resort to American coal may also be regarded as a measure against the fuel crisis, although the importation of coal from the United States is not advantageous to Switzerland at present on account of the difference of price and difficulties of transportation.

As already remarked, the coal situation in Switzerland is dependent on the conditions in the coal producing countries of Europe. English coal can hardly be had at a time when the reduction of working hours has diminished production and as long as the demand of Great Britain's factories is very great. For the same reasons France can furnish at present only a limited quantity of coal. Germany is equally unable to export a considerable quantity of coal, for, besides suffering from underproduction, she is obliged for some time to deliver to France, according to the economic clauses of the Treaty of Versailles, 20 million tons per year. Belgium is the only country from which Switzerland could expect a larger quantity of coal, but her coal production does not seem to be abundant enough to take Germany's former contribution to the Swiss market.

The shortage of coal in Switzerland has a decisive influence on the industries of the country. The present supply of coal is not sufficient to enable all factories to work at pre-war figures. This state of affairs is still more regrettable at a time when an increased production is urgently needed and when the opportunities of foreign trade are so great.

#### EXCHANGE SITUATION

There is, however, the second factor, the exchange situation, to be taken into

account when the serious disabilities of Swiss industries caused by the coal crisis are being discussed. The break in the exchange of the majority of European countries last year seems to have been a cause of the relaxation of Swiss industries. Germany, France, Great Britain, and Italy were the best customers of Switzerland before the war. With the depreciation of the currency values of these four countries Swiss foreign trade suffered a serious setback. New orders fell off on account of the difference of exchange, for none of the named countries produced a sufficient quantity of goods for export which would have made possible a reciprocal trade. Thus the slowing up of Swiss industries caused by the coal shortage was somewhat exaggerated by the exchange situation in Europe.

On January 31, 1920, German, Italian, French, and English currencies were quoted in Switzerland as follows: Swiss francs 6.68 = 100 German marks (parity 123.45); 36.10 = 100 Lire (parity 100.00); 43.15 = 100 French francs (parity 100.00); 19.98 = 1 English pound (parity 24.75).

Under such conditions goods could be exported only at greatly enhanced prices for the buying countries or at inadequate prices for the Swiss trader. The export figures of the last two years grew, as will be seen hereafter, in relation to the difference between Swiss and the depreciated currencies, while the quantity of goods was behind that of normal times. Moreover, Switzerland was affected by the exchange situation also as regards imports, for, on account of the economic disorganization of Europe, she was compelled to buy a great proportion of foodstuffs and raw materials from the United States and Spain, where her own currency was somewhat depreciated.

The hotel industry is also suffering on account of the exchange situation. One is struck by the lack of tourists in Switzerland at present. The large hotels are almost empty, and the traffic of the mountain railways is reduced to a minimum. Before the war Germany and France sent the largest quota of

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tourists so that the Swiss hotel industry can recover its former prosperity only when the currency situation of these two countries has become normal.

Another result of the exchange situation is the loss suffered by Swiss capital invested in the countries whose currencies are depreciated. On the other hand, there has been a considerable retreat of foreign capital from Switzerland on account of the difference of exchange.

Swiss business men are uneasy because the exchange situation prevents them from taking full advantage of the present opportunities offered by the European markets. Thus they cannot compete with the prices at which British, French and Italian manufacturers are selling goods in countries where the currency is even more depreciated. The only solution is to develop foreign trade on the basis of commodity exchange. For this purpose a corporation has been founded lately by the main industries of the country and with the support of

the federal authorities. The corporation intends to encourage foreign trade with all countries where Swiss manufactured goods can be exchanged for foodstuffs and raw materials. Such commercial transactions have already been made with Roumania, Poland and Jugoslavia.

In spite of these measures, the difficulties of Switzerland's foreign trade will continue as long as the exchange situation in Europe is fluctuating. For, as in the case of coal production, a normal exchange of goods can be resumed only when the present economic and financial difficulties of other European countries have been settled.

### FOREIGN TRADE

As already remarked, the foreign trade of Switzerland during the last two years has augmented as regards its value in money, but it has diminished as regards the quantity of goods. In 1918 the quantity of foodstuffs and raw materials imported was only a third of

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that imported in 1913, although their value represents a higher amount on account of the difference of price. The exported goods, in spite of their reduced volume, have also yielded a greater amount of money on account of the difference of exchange. The trade figures with Germany, which represent a little more than a fourth of Switzerland's total foreign trade, are especially interesting in this respect. In 1918 Switzerland imported from that country goods worth 619½ million francs against 631 million francs in 1913, although the quantity of the chief imported goods, coal and iron, was only 2,008,800 tons against 3,124,600 tons in 1913.

The total figures of the Swiss foreign trade during the year 1918 represent the same discrepancy between volume and price, when compared with the figures of 1913, as reflected in the following table:

IMPORT		Value
	Quantity	Francs
1913	.....7,750,800 tons	1,920,000
1918	.....3,443,200 tons	2,401,000
EXPORT		Value
	Quantity	Francs
1913	..... 856,000 tons	1,376,000
1918	..... 834,000 tons	1,963,000

During the last year the foreign trade of Switzerland has, however, improved, thanks to the initiative of Swiss manufacturers. The total value of imported goods in 1919 amounted to 3,533,000 francs, and that of exported goods to 3,298,000 francs. The figures for the volume of foreign trade in 1919 are available only for the first nine months: 2,781,300 tons for import, and 605,900 tons for export.

The Swiss manufacturers are endeavoring to secure new markets since the economic disorganization of Ger-



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many. Certain concerns are making at present considerable headway in the machinery business in South America, especially in Brazil. It is reported that they have already succeeded in securing the place with German concerns held there before the war. The same activity is being encouraged in the new born states of Central and Eastern Europe, where the demand for machinery is very great. The Swiss dyestuffs are also penetrating into the world markets and bid fair to compete with the dyestuff industry of Germany and other countries. Finally, the Swiss government has lately sent new consular agents to all parts of Europe and South America to investigate the possibilities of new commercial relations. In short, the foreign trade of Switzerland, though suffering at present under the stress of war conditions, promises a bright future for the economic prosperity of the country.

**FINANCIAL CONDITIONS**

The financial position of Switzerland is without doubt very sound as regards public finances and the organization of private banks. There has been no over expansion of credits, nor inflation. The equilibrium between revenues and expenditures, a little disturbed during the war, is being re-established. However, a financial stringency is being experienced throughout the country, due to the economic conditions of Europe and to the difficulties described above. The money market was very tight in 1919. The average private rate of discount was 5 per cent. A feeling of uncertainty is hovering over Swiss financiers who look aghast at the future on account of the unsettled conditions in the neighboring countries, upon which Switzerland is economically dependent. Germany's recovery is regarded in financial circles as absolutely necessary for the disappearance of the present unsettled conditions. The possibility of

seeing another country taking the place of Germany in the economic life of Switzerland is entertained only by a minority of the Swiss people. It is generally contended that neither France nor Italy can furnish Switzerland raw materials in sufficient quantity, while Great Britain and the United States are too far for such a purpose. Against this somewhat antiquated view there is a movement on foot which tends to promote the opening of commercial relations with the transoceanic countries and with the new states of Eastern Europe.

Compared with the finances of the belligerent countries of Europe, Swiss state finances are very good. This is explained by the absence of inflation in the circulation of banknotes as well as by the sound financial policy which the Swiss Government has pursued during the war in spite of the extraordinary expenditures caused by the mobilization of the army. From July, 1914, till October, 1919, the extraordinary expenditures of the state have amounted to 2,235 million francs, of which 1,789 million have been covered by floating and consolidated loans. The war debt amounts to about 1,300 million francs. It will be reduced by extraordinary war taxes and by the continuation of the war profits tax. The federal budget for 1920 consists of 281,400,000 francs for revenues and 399,650,000 francs for expenditures. The deficit of 118,250,000 francs will be covered by taxes.

In 1919 the circulation of banknotes issued by the Swiss National Bank amounted to 1,036,000 francs against a metallic stock (gold and silver) of 591,000,000 francs. On May 7, 1920, the note circulation amounted to 940,230,000 francs against a metallic stock of 620,910,000 francs. To this should be added the notes issued by the Darlehenskasse of the Swiss Confederation in amount of about 50 million francs.

The effect produced by the tremendous drop of a great majority of the most important foreign exchanges last year has been attenuated by a decree which the Swiss Federal Council issued on December 26, 1919. According to

this decree, the Swiss banking institutions and industrial corporations that had formerly placed money abroad against mortgages or those that possess important holdings of foreign securities, are allowed to introduce into their balance a fictitious asset representing the difference between the value as calculated in the balance-sheet and the value they formerly had, or to leave foreign claims and securities at former values, mentioning at the same time the rate of exchange calculated.

The position of the Swiss banks is good, in spite of the reduction of credit transactions during the last two years. The total balance of all the financial institutions of the country, the National Bank included, amounted to 10,295,000 francs in 1913, and to 13,534,000 francs in 1918. The largest private banks are the following: Swiss Bank Corporation, Basler Handelsbank, Union de Banques Suisses, Eidgenössische Bank, and the Schweizerische Volksbank.

#### RELATIONS WITH THE UNITED STATES

The economic disorganization of the majority of European countries has made Switzerland look after new markets. As before remarked, Switzerland has imported for the first time American coal last year, notwithstanding the difference of price and transportation. The price will probably no more play an important rôle, since an increase in the cost of coal production has taken place also in Germany, Great Britain, and France. The only question in this respect is to solve the problem of transportation. For this reason the Swiss people are demanding an outlet to the sea through the Rhine and the Rhone. The free navigation of these two rivers is a vital question for the economic development of Switzerland. The institution by the Treaty of Versailles of an international commission for the navigation of the Rhine, in which Switzerland is also represented, is being regarded as a new era for Swiss foreign trade. There are, however, many obstacles to be surmounted in this respect on account of the opposition encountered on the part of France. When the rivers

Rhine and Rhone will connect Switzerland with the sea the problem of transporting coal and other raw materials under advantageous conditions from the United States will be solved.

The foreign trade of Switzerland with the United States has considerably augmented during the war. In 1913 imports amounted to 118 million francs only, while in 1916 to nearly 565 millions. In 1918 the imported goods from the United States, mostly foodstuffs and raw materials, amounted only to 353 million francs on account of the unusual conditions of that year.

As regards the export of Swiss manufactured goods to the United States there has also been an augmentation during the war, especially in the watch industry, which reached the amount of 45,558,000 francs last year against 11,433,000 francs in 1913. On the other hand, the export of the lace industry has greatly diminished, from 61 million francs in 1913 to 4 millions in 1919. This fact is explained partly by the development of the American lace industry during the war, partly by the exchange situation because many American buyers prefer French laces on account of the difference between the French and the Swiss franc. The Swiss lace industry of St. Gall is particularly affected by these conditions.

The future of Swiss trade with the United States depends upon the conditions of transportation. There is, however, every reason to believe that the commercial relations between the two countries will become closer than had been possible hitherto. The excellent credit which Switzerland enjoys in the United States was proved anew last year when a loan of 30 million dollars was floated in New York (August, 1919).



### Britain Solving Post-War Problems

UPON RETURNING RECENTLY from a hurried trip to Europe, A. P. Giannini, president of the Bank of Italy, San Francisco, praised highly the

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methods being adopted by Great Britain in solving her post-war problems, and urged the same plans be utilized in the United States.

"Of the nations which participated in the war, Great Britain is far ahead of all the rest in the trying work of economic rehabilitation," he said. "She has commandeered the very best men from every rank of her social and business life and has put them to work. Slowly and steadily these specialists are solving the great problems that are today perplexing mankind. England is using sound common sense and is demonstrating a true spirit of democracy in the selection of her best men for the most important tasks that confront her.

"Many of her leaders are not men who were born aristocrats, but who were knighted and elevated to the highest position within the gift of the nation solely because of their exceptional ability.

"England has already perfected

plans to retire her entire war debt in twenty years by means of taxation, without counting upon indemnities or the repayment of money loaned to her allies during the war.

"What we need in the United States today is not so much politics but an immediate buckling down to the solution of the great problems that confront us.

We will get nowhere by pressing into service men of inexperience or broken-down politicians.

"The government should summon to Washington the biggest men of the country, thoroughly representative of our leading industries, scientifically to attack the great problems that must be solved."



## British Public Finance Explained

American students of banking who have at times had difficulty in understanding the complexities of British Government finance will be heartened to know that Englishmen themselves are agitating to have these complexities simplified.

Governmental procedure in financial matters in England, like the British constitution and tangled maze of streets in London City itself, never was planned—it just grew; it was an evolution.

As a result, the language of British Governmental finance and the forms of the Treasury "returns" are so puzzling that the average British citizen, without assistance, cannot understand what is happening to the national pocket-book. Since the pressure of public opinion, say economic reformers, is now needed more than ever to check governmental extravagance, this plea for a simpler financial terminology is now being heard.

Meanwhile a handbook for Americans on British finance has just been issued in this country by the Bankers Trust Company of New York. In this work Mr. Harvey E. Fisk, the author, has told just enough of the past history of present English financial machinery to enable the American reader to see how the wheels go round. In the following paragraphs are set forth Mr. Fisk's most illuminating and interpretive remarks.—Editor.

**O**NE reason why British financial terminology is difficult to understand is that the principal financial report of the British Treasury to Parliament and the nation, called *Finance Accounts*, was instituted in 1802 and has not changed its essential character since its first issue! It has retained many of the ancient classifications of national accounting.

This "ancient" method itself, surprising to relate, was in large part retained down to the year 1834. The use of "tallies," hard sticks of wood upon which notches were cut to record the payments into the Treasury by the sheriffs, was continued down to that date. On the 16th of October of that year the tallies were burned, so overheating the flues (the theory at the time) as to set the houses of Parliament on fire and destroy them, too.

The use of these tallies has left a permanent imprint upon English language and usages. The larger part of the tally was sometimes called the stock and the smaller part the foil. Down to about a hundred years ago, if one lent money to the Bank of England or to the Exchequer, tallies were cut for the amount; the bank kept the foil and the creditor received the stock. He thus held "bank stock" or "Exchequer stock" of the amount recorded upon the tally. When the form of cheque was adopted it is true that it was not called a foil, but the part retained by the payer was called the counter-foil and the word "cheque" (in the United States, "check") itself goes back ultimately to the same root as "Exchequer."

These examples of word origins demonstrate in what an interesting way a glimpse of old usages gives significance to the terms and practices of today. To understand just what the Exchequer, the administrative control of British

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Other Bonds, Securities, Etc.....	1,209,427.82	Unearned Discount.....	114,808.08
Due from Banks and Bankers.....	676,833.86	Reserved for Taxes, Expense, Etc.	32,111.80
Cash, Exchanges and Due from Federal Reserve Bank.....	6,681,908.25	Deposits.....	21,715,162.34
Interest Accrued.....	34,703.22	Bills Payable and Re- discounts with Fed- eral Reserve Bank Secured by Liberty Loan Bonds.....	\$2,348,525.31
Customers' Liability under Let- ters of Credit and Acceptances.	1,133,612.47	Other Rediscounts....	200,000.00
			2,548,525.31
		U. S. Bonds Borrowed.....	863,650.00
		Circulation.....	237,750.00
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public finances, is today we have to note briefly what it was two or three hundred years ago.

The Exchequer was the place where the King's revenue was received, where it was kept, supervised and controlled and from whence it was issued. There were three officers of the Exchequer, each of whom had control over the issue of the money. The money was kept in chests, each chest having three locks. One of these officers, called the Teller, was the cashier who received the money; then there was the Clerk of the Pells, who recorded on a pell or parchment all receipts and issues; finally there was the Auditor, who examined the records and whose duty it was to see that no money was issued except in accordance with the law, and with the sanction of Parliament.

The King's revenues were collected by the sheriffs and by them were twice a year, at Easter and at Michaelmas (the day after the feast of St. Michaels, about the end of September) paid to the King's Treasury.

On the appointed day the sheriffs would bring their accounts and the money which they had collected to the hall in which the settlements were to be made, known as the Receipt of the Exchequer. Upon entering the hall the Sheriff would see at the farther end a table, about ten feet in length and five in breadth, covered with a black cloth which was divided by white lines into squares about a handbreadth in width.

Seated on a bench to the right of the table clothed in their scarlet robes, the Sheriff would see the Bishop, the Justiciar who represented the King, and the Chancellor of the Exchequer; also the Constable and several Chamberlains or courtiers. Seated at the far side of the table were the Treasurer and the scribes or clerks. Facing them were the calculator and the cutter of tallies. Seated on benches arranged around the room were the taxpayers, watching to see that the accounts as they affected their interests were correctly stated.

The Sheriff upon approaching the table would place on it his receipt tal-

lies and the silver coins for use in settling his account. He would then take his place at the foot of the table facing the Chancellor and other dignitaries. The game of chess which was to decide his indebtedness then proceeded.

In the early days only the priests and monks were able to read and write; therefore the accounting had to be visualized. To serve as counters foreign coins were used. The calculator would place the coins in the proper spaces on the chequered cloth to represent the Sheriff's indebtedness. Below he would place the silver paid in by the Sheriff and counters representing any credits due him. Thus was visualized the state of the account, and the adjustments required to effect a settlement could be readily determined. The Chancellor's scribes meanwhile had entered a statement of the account in duplicate on the rolls of vellum which were used in place of the paper account books of to-day. A tally—receipt—prepared by the tally cutter would be given to the Sheriff to be carefully reserved until the next settlement.

Such was the ancient Exchequer. To-day the public treasury is still called the Exchequer and controls all financial operations of the Government which in any manner affect the amount of funds that Parliament will be called upon to vote for their support or the expenditure of funds when granted. Though termed a department the Treasury is technically a board. Prior to 1714 the head of the department was known as the Lord High Treasurer.

In that year the office was put in commission; that is, while the office remained a single one provision was made that its duties should be performed by a board consisting of a First Lord of the Treasury and three Junior Lords. Though this board has continued in existence until the present time, all real authority has in fact passed from its hands into those of the Chancellor of the Exchequer.

The position of the First Lord of the Treasury is usually held by the Prime Minister, but whether this is so or not this officer does not concern himself

with the actual management of the affairs of the department of which he is nominally the chief officer. The three Junior Lords have certain minor duties in connection with the Treasury, but their real duties consist in acting as assistants to the Parliamentary Secretary of the Treasury, who is often designated as the chief whip of the Government in the House of Commons. Thus the officers nominally in charge of the Treasury in fact pay little or no attention to the direction of the affairs of that department, but concern themselves almost entirely with parliamentary matters.

The real responsible head of the Treasury is the Chancellor of the Exchequer. He is assisted on the parliamentary side by a parliamentary or patronage secretary and by the three Junior Lords of the Treasury. On the administrative side, he has as his chief assistants two officers, one known as Permanent Secretary to the Treasury and the other as Permanent Financial Secretary. These officers do not leave office when a change in administration takes place. The former performs the duties of administrative head of the department; the latter has immediate charge of the duties of the department relating to the exercise of its powers of financial control over the other services. To enable him to perform his duties the Financial Secretary has a large staff of clerks.

The Treasury consists of seven divisions with a principal clerk at the head. Among these divisions is distributed the work on all the departments of State. For instance, one has the Army, the Navy and the Colonial office; another, the legal departments and the Home Office; and so on. All the departments of State have their work distributed to a division of the Treasury and every paper relating to a department goes to the division which has to deal with that department of State. Therefore these principal clerks at the head of the seven divisions are the people who consider the general questions of expenditure, economy, and efficiency in the departments of State which relate to their di-

# The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed . . . . . Yen 100,000,000  
 Capital paid up . . . . . Yen 74,000,000  
 Reserve Fund . . . . . Yen 44,000,000

(\$0.50=1 Yen)

*Branches and Agencies*

Tokyo	Sydney	Peking	Kobe	Saigon	Tientsin	Manila
Osaka	Hankow	Dairen	Nagasaki	Singapore	Newchwang	Rangoon
London	Hankow	Fongtien	Lyons	Shanghai	Harbin	Soerabaya
Bombay	Chi-Nan	Changchun	Honolulu	Tsingtau	Shimonoseki	Buenos Aires
Vladivostok		Kaiyuan	Calcutta	Batavia		Rio de Janeiro

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This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

**NEW YORK OFFICE - - 120 BROADWAY**  
 R. ICHINOMIYA, Agent

vision. They are the real people who all through the year and changes of administration are considering all the topics that fall to the work of their respective divisions.

The taxes in the early days were frequently paid in kind, as well as in money. The wealth of the King and of his nobles, not in the form of landed property, forests, flocks, herds and the like, was represented not alone by money but by gold and silver plate, by jewels and gems and by richly embroidered robes. Such articles belonging to the King were kept in his Treasury. For a long time, wherever the King went the Treasury also went. The principal treasuries ultimately came to be located at Winchester and at Westminster and finally with the growing importance of London the Treasury was definitely located there.

In 1787 Parliament provided that there would be one general fund into which all the revenues of the Crown should be put and from which all dis-

bursements should be made. Prior to this time it had been customary to allocate certain definite charges against each of the principal sources of revenue. It is stated that in 1785 there were no fewer than seventy-four charges involving seventy-four separate accounts imposed upon the customs revenue, while the militia charges were defrayed from the land tax and certain hereditary annuities were met out of the post office revenues. To correct this situation the "Consolidated Fund Act" was passed

A similar act was passed in 1816 in reference to revenues and expenditures of Ireland and the two consolidated funds were further consolidated into one consolidated fund for Great Britain and Ireland. The Consolidated Fund stands to the credit of the Exchequer, that is, of the public treasury.

The finances of Great Britain are conducted on what is known as the budgetary plan. Briefly stated, this plan involves the preparation by the executive of a "definite plan or pro-

posal for financing the business of a future period both with respect to revenues and expenditures."

The policy of the English budget is settled by the Chancellor of the Exchequer and the details worked out by the permanent staff of the Treasury. The budget is presented by the Chancellor to the Commons usually in April or May. Sometimes a supplementary budget is presented in the autumn. Previous to the presentation of the budget a financial statement containing carefully prepared estimates of revenue and expenditure is placed in the hands of each member of Parliament.

These estimates are compared with the actual expenditure for the past year, also with the estimates for that year. At the time of presentation the Chancellor explains—usually in great detail—the reasons for the proposed expenditures and especially for the proposed methods of taxation or borrowing to be followed in obtaining the revenues necessary with which to meet the expenditures.

Many of the budget speeches have been notable for their lucidity and interest. Gladstone's budget speeches were among his greatest efforts. Parliament can approve or reject the recommendations of the budget but does not add to its items or make an appropriation in excess of the amount proposed.

Certain appropriations are of a continuing or permanent character, such as those for the support of the King and his household; the interest and management of the public debt; the salaries for the higher judicial officers and the regular annual expense of the military establishment. These are designated as "Consolidated Fund Services." Annual appropriations for the other public expenses are known as the "Supply Services." Appropriations for such services cannot be made "unless recommended from the Crown." That is, unless set forth in the budget. This puts an effective check on log-rolling and trading and upon ill-considered expenditures. So carefully are the estimates of expenditures and receipts made that in normal

times the actual results vary but slightly therefrom.

The custodians of the Consolidated Fund account are the Bank of England and the Bank of Ireland. Thus these banks are substituted for the "strong box," or chest, of the old Exchequer for the keeping of the public treasure. The duty of the bank is confined to receiving the public revenue and paying it out to officers who are charged with the actual responsibility of settling and paying public obligations. These officers take the place of the Teller under the cashbox system.

The centralization of all public payments in London and the direct hold of the Bank of England on the process of payment lend an importance to the central organization of public financial administration in England such as it possesses in no other country. Through the medium of the Bank public revenues, without being collected in provincial treasuries, are transmitted direct by the Receivers of Taxes in London, after local expenses have been met. The Bank of England thus actually receives the surplus cash of all the revenue departments. The greater part of the Government expenditures is paid in London itself. Expenditures which have to be met outside of London and which cannot be paid by the receivers from their collections are always remitted from London. This keeps the management of the money in the hands of the central authorities.

Each of the head offices concerned with the administration of the various branches of the revenue has an account at the Bank. All the money received by these offices is in the first instance credited to one of these accounts. Only miscellaneous receipts which are managed by the Treasury are paid direct to the Exchequer account.

Revenues received by the collectors in the provinces are remitted to London by means of bills of exchange which are made out to the head office to which payment is to be made. Should there be a branch of the Bank of England in the neighborhood of the collector he deposits his money there, and the amount



# Banking Service in the Far East

## BRANCHES

<b>BURMA</b> Rangoon	<b>FRENCH INDO-CHINA</b> Haiphong Saigon	<b>JAPAN</b> Kobe Yokohama	<b>PHILIPPINES</b> Cebu Iloilo Manila
<b>CEYLON</b> Colombo	<b>INDIA</b> Amritsar Bombay Calcutta Delhi Karachi Madras Tavoy	<b>JAVA</b> Batavia Sourabaya	<b>MALAY STATES</b> Ipoh Klang Kuala Lumpur Penang Seremban Singapore Taiping
<b>CHINA</b> Canton Foochow Hankow Hongkong Peking Shanghai Tientsin	<b>SIAM</b> Bangkok Puket	<b>SUMATRA</b> Medan	

## Chartered Bank of India Australia and China

Head Office  
London

New York Agency, 88 Wall Street  
William Baxter, Agent

Capital and Reserve  
Over \$24,000,000

is at once credited to the general account of the Commissioners of Inland Revenue in the books of the Bank, but as the Bank has only eight branches (in the provinces) remittances are more usual. The bills run for two or three days and are sent to the Bank by the Commissioners of Inland Revenue to be cashed. When they have been honored the Bank credits the account of the office with the amount in question.

The Bank of Ireland acts for account of the Exchequer in Ireland while in Scotland the six principal banks act in turn in this capacity, as agent for the Bank of England.

The Government account has been kept by the Bank of England since 1834 under the name of "The Account of His Majesty's Exchequer." Into this account all the public revenues are paid as soon as possible after their collection and from it all disbursements are made. The Exchequer account is not the account of a distinct central treasury as opposed to various other treasuries. It

is the repository for all public moneys.

Originally there were a number of paymasters, one for the army, one for the navy and a number for the several civil services. During the years 1830-1856 these were abolished and their duties consolidated in the single office of Paymaster General. A special feature of this system is that although the Paymaster General keeps a separate account in respect to each vote for the civil services and a separate consolidated account with each of the departments of the army and navy, he keeps but one general balance from which he makes payments on account of all the votes. This means that so long as he has a sufficient balance he can pay any order drawn upon him regardless of the vote to which it relates whether he has requisitioned sufficient funds on account of that vote or not. Any payment on account of a vote in excess of a sum requisitioned for that vote is subsequently adjusted by a future requisition.

An accounting officer is designated for

# Ernesto Tornquist & Co.

Limited

## Buenos Aires

Oldest and Largest Financial House in South America

*Established in 1830*

Fully paid up Capital, Reserves and Surplus

**\$14,192,498.91 Argentine Gold**

**equal to \$13,694,036.00 American Gold**

We Specialize in the Investment of Foreign Capital in State, Mortgage, Industrial and Public Utility Bonds and Shares

### Money on Mortgages Placed Direct

**BANKING TRANSACTIONS OF ALL KINDS**

We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

We will be Pleased to Serve You in All Business Relations with the Argentine and Contiguous Countries

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

each vote. The duty of rendering an account of the manner in which funds are expended is a part only of the duties of this officer. He is also charged with the supervision and control of all the financial operations of the department to which he is attached. In a word, he is the watch dog of his service and the permanent financial secretary of his department.

There is also a complete and thorough system of audit.

While the British system of public finance has its "vestigial remains" and its involutions and while less than a hundred years ago it required that accounts be kept by cutting notches in sticks, it has adjusted itself to modern demands with such adroitness that it is considered by many students of finance to be the best in the world. Financial representatives of foreign governments indeed can often be found in the old Treasury buildings in Whitehall endeavoring to understand the skillful manner in which Great Britain handles her public finances.

### Canadian Government Finances

**I**N HIS BUDGET speech to the House of Commons in the Canadian Parliament, May 18, 1920, Sir Henry Drayton, Minister of Finance of Canada, said:

During the war the compelling necessity of the moment, the winning of the war, required raising large sums of money in the easiest possible way and with the least interference with the public or with business methods. It was absolutely imperative that there should be no check in production, no questions raised which might hinder that production or hinder the war effort.

These conditions today are changed; the war is won; expenses are great; the cost of government operations as well as the carrying on of every business of every character in the country has increased enormously, and over and above this the country, with other countries which took their part in the titanic struggle, is faced with a pyramid of

# Answering the Call of Far Eastern Trade

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Seattle  
Tokio  
Yokohama  
Shanghai  
Paris

## OFFICERS

Charles A. Holder  
*President*  
T. Fred Aspden  
*Vice-President*  
E. B. MacKenzie  
*Secretary &  
Treasurer*

ACCORDING to recent estimates, fully 75 per cent. of trans-Pacific passengers today are travelling on business, and only 5 per cent. are tourists. Before the war business men furnished only about 5 per cent. of the travel, while tourists contributed 75 per cent.

This tremendous movement toward the Far East is evidence of the remarkable growth of that territory as a field for American commercial and industrial enterprise.

Complete facilities to provide for your banking needs in the furtherance of your Far Eastern business are available through branches of the Park-Union Foreign Banking Corporation in China and Japan.

# PARK-UNION

## FOREIGN BANKING CORPORATION

56 Wall Street, New York

*Paid Up Capital and Surplus, \$2,250,000*

debt. The task today is to aid the return to ordinary economic conditions to the extent that such return is at this time possible.

The productive efforts made by Canada during the war were second in glory only to the record made by Canada's soldiers. For the five fiscal years ended March 31, 1915, the excess of the country's imports over exports amounted to \$825,251,490. For the succeeding five years ended March 31st last, this excess of imports was not only overtaken, but our exports exceeded our imports by \$1,803,442,233. It is plain in view of such a tremendous productive and industrial exploit, that if anything like the same effort is made to overcome debts, and by overcoming debts to bring about a proper deflation of prices, credits and circulation, the task will prove well within our powers.

The ledger as of March 31, 1920, shows the country's gross debt to be \$3,014,483,774.12 and the net debt, deducting investments as active, as

\$1,935,946,312.85. By treating inactive investments as in suspense or in the capital account, the net debt is increased to \$2,273,305,436.92.

Unquestionably, the currency in light of former gold reserves is inflated. The fact, however, is that the world over currency to an ever-increasing degree is related to movement of commodities, secured by a national guarantee supported by approved securities. This trend was apparent before the war. The best illustration is perhaps afforded by the Federal Reserve legislation of the United States. Under that legislation, currency issued by Federal Reserve Banks requires a gold reserve of 40 per cent. and no currency stands higher.

Under all the circumstances, bearing in mind that Canada before the war had to borrow abroad to finance her own requirements, bearing in mind that during the war and since the Armistice she has not only financed herself but has also extended credits to other nations, the situation of the country's currency



# Thirtieth Anniversary of The State Bank New York

Member of the New York Clearing House Association

374-378 Grand Street  
New York

July 9th, 1890

July 9th, 1920

A progressive, successful and up-to-date institution managed by active business men.

Thirty years ago this bank was organized and during the entire period has preserved its individuality. It has gained in strength year by year through its own efforts, without merger or consolidation.

Approximately \$36,000,000 of deposits have been gained during the past eighteen months and in this same short period individual accounts increased 26,000 in number.

The officers and directors wish to thank the bank's depositors for their co-operation in the results thus achieved.

### Branches

**MADISON SQUARE BRANCH**  
5th Ave. at 30th St.

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**CLINTON BRANCH**  
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**UNION-WESTCHESTER BRANCH**  
158th St. and Westchester Ave.

**BROWNSVILLE BRANCH**  
Stone and Pitkin Avenues, Brooklyn

**WILLIAMSBURG BRANCH**  
Graham Ave. and Varet St., Brooklyn

### Deposits

	Organized
July, 1890	- - -
January, 1900	\$3,234,000
January, 1910	12,366,000
January, 1919	36,718,000
July, 1920	72,751,000

### Officers

H. C. RICHARD, President  
A. I. VOORHIS, Vice-President  
W. L. BURCKETT, Vice-President  
J. KNEISEL, Vice-President and Cashier  
W. B. ROTH, Vice-President  
C. A. SMITH, Vice-President  
H. W. VOGEL, Vice-President  
C. WOODWORTH  
Auditor

F. A. PAPPI, Assistant Cashier  
C. C. SCHNECKO, Assistant Cashier  
P. MULLER, Assistant Cashier  
C. E. JAMES, Assistant Cashier  
E. W. RASP, Assistant Cashier  
P. L. TUCHMAN, Assistant Cashier  
A. J. VAN PELT, Assistant Cashier  
M. M. TEICHER  
Manager Foreign Department

# THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed	\$7,500,000	(£1,500,000)
Capital Paid-up	3,750,000	(£ 750,000)
Reserve Fund and Undivided Profits	3,928,970	(£ 785,794)

**BANKERS:** Bank of England; London Joint City and Midland Bank (Limited)  
*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius*

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.  
Fixed Deposit rates quoted on application.  
On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

is remarkably good. The percentage of the gold reserves to the Dominion and bank note circulation is 43 per cent. The percentage of gold to the total circulation of Great Britain based on 1919 figures is 26 per cent. and of the United States approximately 55 per cent.

The increase in bank deposits which has been brought about in Canada is in a very similar ratio to that which has happened in other countries. Our total deposits on March 31, 1914, amounted to \$991,734,246 and on March 31, 1920, amounted to \$1,855,131,598, an increase of 87 per cent. In England bank deposits increased 115 per cent. from 1914 to 1919, while in the United States an increase of 80 per cent. in total deposits occurred between 1914 and 1919.

In Canada it may be noted that the government's war borrowings in round numbers amounted to \$2,000,000,000 as against an increase in deposits of \$863,397,852. As a result, the increase in public purchasing power gauged by the total currency in circulation and total bank deposits in Canada increased 91 per cent. in 1919 over 1914. In England the increase was 125 per cent. and in the United States 78 per cent.

The revenue for the fiscal year 1919-20 will reach, when the accounts are finally closed, approximately \$388,000,000. The consolidated fund ordinary expenditure will reach approximately \$349,000,000. Thus the government has a surplus of \$39,000,000 over ordinary

expenditure to apply to capital expenditure.

The demobilization expenditures for 1919-20 will amount to \$350,000,000, making a total outlay for the year of \$886,741,110. Our total expenditure for the war, up to and including March 31, 1920, amounts to \$1,674,000,000, apart from such expenses resulting from the war as pensions, soldiers' civil re-establishment, soldiers' land settlement and interest on war debt.

During the year just passed the country paid off a floating debt of \$247,000,000 out of the proceeds of the Victory Loan issue of 1919. The floating or short date indebtedness of the country at the close of the year amounted to only \$88,956,000.

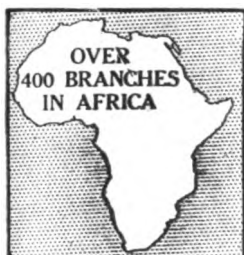
The revenue for the fiscal year 1920-21 should pay not only current expenditure but should retire \$74,058,400 in obligations maturing during the war.

All the financial difficulties of the moment can be, and I have no doubt will be, readily met. I am confident that every one of you has the firmest belief and confidence in Canada—and that belief is well justified. Immigration and a reasonable investment of outside capital rendering our illimitable national resources available, but above all the national characteristics and strength of character of the citizens of Canada, will easily surmount the past, and Canada's situation today is indeed an enviable one. There is no country in the world that can offer greater inducements to the immigrant and greater

# *South African Banking Since 1890*

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THAT SUCCESSFUL development of foreign trade is based on wide knowledge of the countries with which business is being transacted, has become

an axiom of commerce.

We know South Africa. Established since 1890, we have developed with the Union. Our 400 branches in the heart of that territory are in intimate touch with its commercial and industrial needs.

Our New York Agents, possessing unusual knowledge of South and East Africa through years of actual residence there, are in a singularly advantageous position to assist American merchants and manufacturers in the extension of their trade throughout the provinces.

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Capital and Surplus, \$2,500,000—Fully Paid Up

**WE OFFER** our facilities for general foreign and international banking business in all its ramifications, with special facilities in connection with France and the French Colonies and Dependencies.

A Foreign Trade Department organized on the lines of practical merchant banking is maintained at the service of manufacturers, importers and exporters.

Cedar and William Sts., New York City

inducements to foreign capital than Canada can. Prosperity is entirely relative. Our position relatively has enhanced. We have finished borrowing, and notwithstanding the great increase in our debt, Canada's securities today stand as high, or higher, than those of any foreign country in what is today the great market for foreign securities—New York. Canada's world status is far greater today notwithstanding her losses and war debts than it was in 1914.



## New British and American Capital Records

**I**N GREAT BRITAIN, AS in the United States, there has been a tremendous increase in new capital issues since the end of the war. The 1919 demand of £237,541,363 was only slightly more than £1,000,000 less than

the record-breaking year 1913. The great decrease during the war years was due to the restrictions placed on new capital issues by the British Government in order to secure the utmost in funds from war loans.

The amounts by years since 1913 were, according to the London Joint City and Midland Bank:

1913 .....	£242,139,000
1914 .....	199,628,000
1915 .....	82,982,000
1916 .....	34,743,000
1917 .....	26,437,000
1918 .....	65,331,000
1919 .....	237,541,363

During the first four months of 1920 the record for that length of time was broken, £192,811,487 in capital being subscribed in new business undertakings.

Capital issues in the United States in 1919 far surpassed the amount of the previous highest year, 1912. The American business demand for new cap-



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**W**E maintain our own completely equipped branches in Morocco and Egypt. Strategically located in Alexandria, Cairo, Tangiers, and other important cities, they are in close touch with trade and industry. Direct connections with Tunis and Algeria.

*The New York Agency will gladly supply  
further information*

### Bank of British West Africa Head Office, London

**New York Office—100 Beaver Street.**  
R. R. Appleby and Rowland Smith, Agents

*Subscribed Capital \$10,000,000*

*Paid Up \$4,000,000*

*Surplus and Undivided Profits \$2,000,000*



# Your Business in Boston

Will be greatly facilitated if you transact it through this institution, which offers you the most complete and efficient service in every department of banking.

## THE FIRST NATIONAL BANK of Boston

Capital, Surplus and Profits . . . \$ 37,500,000  
Resources, over . . . . . 285,000,000

ital in the first four months of 1920 totalled \$1,288,440,500, also a record-breaking amount. From 1913 to 1919 the amounts of new capital issues in the United States were:

1913	.....	\$1,645,736,200
1914	.....	1,436,517,200
1915	.....	1,485,351,400
1916	.....	2,186,400,000
1917	.....	1,529,970,200
1918	.....	1,344,810,100
1919	.....	3,021,171,300



### British Debt £7,835,000,000

**T**HE GROSS DEAD-WEIGHT debt of Great Britain on March 31, 1920, was, according to the monthly review of the London Joint City & Midland Bank, Limited, £7,835 millions, as compared with £7,435 millions a year earlier. Net cash borrowings during the year amounted to 353 millions, and about 135 millions were added to the

nominal amount of the debt through conversions into the Victory Loan, which was issued at a discount. A further 24 millions has been added for accrued interest on War Savings Certificates. The total of 7,835 millions does not include the premium of about 46 millions payable if the National War Bonds are held until maturity. The external debt was reduced by 86 millions to 1,278 millions, and the floating debt was about 100 millions lower at 1,312¼ millions.

The estimated expenditure for 1920-21 is placed at £1,184 millions while estimated revenue will be £1,342 millions.

The chancellor of the exchequer, Mr. Austen Chamberlain, indicated in his budget speech that in 1921-22, as a result of the proposed changes in taxation, there should be available for reduction of debt 300 millions, about half of which should be free for the floating debt. He pointed out that with the advent of a normal year, when temporary and ex-

traordinary receipts and charges have both terminated, and on the assumption that the excess profits duty has also been brought to an end, there should be available for sinking fund a balance of not less than 180 millions.



### Another British Gold Shipment

**F**OLLOWING PERSISTENT RUMORS in foreign exchange circles that more shipments of gold were coming to this country, announcement was made the latter part of May that \$22,200,000 in gold from Hong Kong consigned to J. P. Morgan & Co., for the account of the British Government had been received on the West Coast, \$11,900,000 at San Francisco and \$10,300,000 at Seattle. The assumption is that the shipment is in anticipation of the maturity of the Anglo-French loan, but no confirmation of this has been given.

Additional shipments of British gold are expected shortly with the prospect that the current movement will run to \$50,000,000. Part of it is expected to be sent from London, having been delayed by the strike of stewards on British vessels. The arrival of the \$22,200,000 brings the total of gold sent to this country since the movement began last winter up to approximately \$70,000,000. The bulk of that previously received is understood to have been applied to the payment of the Argentine loans of \$25,000,000 and £5,000,000 sterling which matured May 15, for which the British Government granted a loan to Argentina.



### French Reconstruction Rapid

**R**ECONSTRUCTION IN FRANCE is not only proceeding rapidly, but upon the most satisfactory basis, according to Georges Hebmann, manager of the Paris office of the Guaranty Trust

Company of New York, who has arrived in this country for a brief visit.

"It has been said that the spirit of thrift has disappeared in France and that the old woolen stocking, in which during happier days the hard-working classes of France hid their small savings, has been emptied in order to buy silk stockings," says Mr. Hebmann. The falsity of such an idea can be easily established by the statistics of our savings deposits, in which one can also read much of the history of the war.

"Up to 1914 savings deposits very largely exceeded the drawings. The combined total of some 6,187,203 savings accounts represented a total savings of frs. 1,745,563,726. But the war broke out and it was imperative to meet the needs of the men who were fighting.

"In 1914 the drawings from these savings accounts exceeded the deposits by frs. 56,861,200. In 1915 the excess of drawings reached frs. 194,252,445; in 1916 the excess of drawings reached frs. 266,487,184; in 1917 the excess of drawings reached frs. 16,079,452. But from 1918 on the deposits began to get the better of the drawings. In this year the excess of deposits reached frs. 111,320,906, attaining in 1919 the figure of frs. 929,263,496, a total which had never before been reached. Savings accounts have now reached a figure of 6,694,385, representing total savings of frs. 1,611,764,421."



### Belgian Loan Subscribed

**L**ITTLE DIFFICULTY APPEARS to have been experienced in marketing the \$50,000,000 twenty-five year Belgian loan in this country. It is reported that the distribution of the issue was the best of any of the foreign loans obtained in the United States. One member of the syndicate having charge of the loan arrangements said "the bonds have been placed further away from the market than any other issue brought out to date, and because of the high yield and the drawing possibilities,

# The Bank That Links the East and West



*Correspondence with Western banks and mercantile houses is cordially invited.*

**W**HEN The National Shawmut Bank opened in 1836, "the West" was a three months' journey from Boston. Today, the banker two thousand miles away, seeking assistance in financing grain, live stock or local packing plant, receives a reply at once.

The grain belt shipped 18,250,000 bushels to Boston in 1919. New England mills use over three-fifths of the total American wool production. Massachusetts shoe factories depend upon Western hides. The National Shawmut Bank co-operates by handling drafts, attending to insurance, warehousing, etc.

New England people are thrifty, industrious craftsmen, affording a natural market for the products of Western farms and ranches. The West in turn looks to New England for paper, textiles, footwear and machinery—industries closely identified with the National Shawmut Bank.

Clients are supplied with information regarding credits and market opportunities.

## THE NATIONAL SHAWMUT BANK OF BOSTON

*Capital, Surplus and Undivided Profits over \$22,000,000*

they are likely to stay away from the market for a long time to come."

The bonds, to draw  $7\frac{1}{2}$  per cent. interest, were offered the public at  $97\frac{1}{4}$  and interest. The bonds will be dated June 1, 1920, and will be payable in gold at the rate of 115 per cent. of the principal sum on or before June 1, 1945. By the terms of the loan contract Belgium agrees to pay to the sinking fund trustees in New York not less than \$2,300,000 in United States gold coin on or before March 10, 1921, and the same amount each year until 1945. These annual payments will be applied to the redemption by lot and of not less than \$2,000,000 of the bonds at 115 and accrued interest.

The favorable terms of the loan and the fact that Belgium, despite war sacrifices and the ravages of the German army, is recovering rapidly through the industry of her people, are the reasons given for the ready sale of the bonds. Early forecasts of difficulty in placing the loan in this country had been made.

### Belgium Recovering

**B**ELGIUM IS MAKING great strides towards resuming her place in the first rank of producing and commercial nations. In the war Belgium lost one-third of her factories, 2,000 kilometers of railroad, 1,800 bridges, 600 kilometers of canal; suffered great damage to her telephone and telegraph systems, lost 60,000 railroad cars and 2,500 locomotives, and was left with a disorganized public administration and an empty state treasury.

Now Belgian factories are producing from 40 to 80 per cent. of their pre-war totals in steel and textiles and the full pre-war amount of wool. The railroads are hauling 80 per cent. of pre-war numbers of freight trains and 60 per cent. in the passenger service. The production of coal exceeds the average of 1913. Exports to Holland, France and Germany exceed imports from those countries. Progress is being made in equalizing trade with England and

Italy. It is only in connection with the purchase of food in the United States, Canada and Argentina that the commercial balance continues heavy against Belgium. For the first two months of 1920, the exports equal 47 per cent. of the total exports for 1919. A continuation of exports on this level would indicate that by the end of this year, when the exports exceed the imports, Belgium will no longer be obliged to appeal to the foreign financial markets for assistance.



### Japanese-American Cooperation

**I**N HIS ADDRESS BEFORE the seventh national foreign trade convention, held in San Francisco May 13, Tomotake Teshima, representing the Japanese delegation, made a plea for the organization of an arbitration body to settle disputes arising in the trade relations of Japan and the United States and to promote good feeling in both countries.

He quoted trade statistics for 1916, 1917 and 1918 to show that Japan is America's best customer in the Orient and that the United States is undoubtedly the best customer of Japan. The statistics with regard to Japan's trade:

	Total yen	With U. S. yen
1916...	1,900,000,000	500,000,000
1917...	2,700,000,000	840,000,000
1918...	3,700,000,000	1,160,000,000

He then gave the following figures showing the total Asiatic trade of the United States for the same three years and the portion of it that was with Japan:

	Total	With Japan
1916...	\$ 720,000,000	\$225,000,000
1917...	1,000,000,000	350,000,000
1918...	1,300,000,000	600,000,000

During the same period, he said, the trade of the United States with China,

including the British and French leased territories, was \$98,000,000 in 1916, \$144,000,000 in 1917 and \$160,000,000 in 1918. Japanese purchases of American goods in 1918 were \$4.50 per capita while China's purchases amounted to only 10 cents per capita.

Recommendations made by the Japanese delegation included:

1. Establishment of international trade associations by the business men of the two countries for the promotion of mutual good will and the interchange of accurate information regarding business conditions in both countries.
2. The creation of an international trade arbitration board by the Chambers of Commerce of the United States and Japan, whose rulings will govern all commodities except those for which special arrangements now exist.
3. Improvement of the trans-Pacific cable service now so congested with business as to bring losses to the merchants of both countries.
4. Greater care in shipments to prevent loss and inconvenience.
5. Development of more industries on the Pacific Coast so that the present heavy overland freight charges and slowness of movement may be reduced on goods being shipped to the Orient.
6. Creation of a better public sentiment in the two countries by prompt corrections of misleading statements of the press and individuals which tend to prove prejudicial to harmonious commercial relations between Japan and the United States.



### Financial Situation in Czechoslovakia

**F**ACTS ABOUT THE MONETARY situation in that country are given as follows by the provisional Bank of Issue of Czechoslovakia:

After our proclamation of independence, October 28, 1918, Austro-Hungarian money continued to circulate among us, and even the Bank of Austria continued to function. As the political separation occurred, economic and administrative separation was necessary and steps were taken for monetary independence. In order to realize this monetary separation, the law of February 25, 1919, ordered the stamping of all the bank notes of Austria in circulation at the time in Czechoslovak territory.

The amount of stamped notes in Czecho-



## Courage of Conservatism

Conservatism is that quality of courage which builds great industries, a courage born of exact knowledge of the facts. The National Bank of Commerce in New York values conservatism.

The seed of every great success is an idea—tested and proved right by conservatism.

Our vast resources are devoted to the advancement of conservative business.

## National Bank of Commerce in New York

*Capital, Surplus and Undivided Profits Over Fifty-five Million Dollars*

slovak territory was more than 8,000,000 crowns, of which the state had retained 2,000,000 as a forced loan carrying 1 per cent. interest. The frontiers of the republic not having yet been strictly limited, the quantities of notes were not exactly fixed and the figures can not be considered as definite.

At the same time the state took to its account the current accounts and the treasury bills carried on by the branches of the Bank of Austria in the territory of the republic, making a total of 2,000,000 crowns. In consequence, the state has become a part debtor toward the holders of bank notes, current accounts and treasury bills, and a part creditor of the Bank of Austria for about 10,000,000 crowns. By the law of April 10, 1919, the Austrian crown paper armed with the Czechoslovak stamp, was declared a monetary unit and called Czechoslovak crowns.

The same law ordered the exchange of stamped bank notes for the new state notes. The total amount of uncovered bills issued or to be issued must not exceed the 6,000,000 of stamped notes remaining in circulation, plus 50 per cent. of the current accounts and of treasury bills amounting altogether to 1,000,000 crowns, and the sum of bank notes of 2 and 1 crown denominations found in circulation. The small denominations were not stamped and were increased to

300,000,000 crowns. The bank notes to be issued above this limit must be completely covered by a commercial guarantee, that is to say by discounted bills of exchange or by advances granted on deeds.

In order definitely to settle the question, a law should be passed (such a law was voted April 8, 1920, in the National Assembly) introducing taxes on capital and a tax on war profits which has already been begun by the listing of all the property in the republic. The taxes should be collected within reasonable limits in order not to impede the production of the country. The product of these two taxes will serve besides to make up the debts which the republic has had to assume when succeeding the Bank of Austria. The paper money will disappear and will be replaced as has been shown by notes wholly covered by commercial value. When this reform is accomplished the Czechoslovak crown will reach a level corresponding to its real value on the world market.

The Czechoslovak republic is without doubt the only one among the states arising from the old monarchy which, since the end of the war, has not only refused to increase its fiduciary circulation but which moreover has undertaken with success its diminution.

Forgers of our stamps who have traveled in neighboring countries and who have con-

# Banco Nacional Ultramarino

(STATE BANK OF PORTUGUESE COLONIES.)

*Fifty-six Years of International Banking*

**Head Office: LISBON**

**Paid-Up Capital, Esc. 24,000,000 = \$25,894,080.00**

**Reserve Funds, Esc. 24,000,000 = \$25,894,080.00**



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*Vice Governors*,

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CONDE DE MONTE REAL,

HENRIQUE JOSE MONTEIRO DE MENDONCA,  
JOSE DA CUNHA ROLA PEREIRA,

JULIO SCHMIDT.

*Managing Director*, E. F. DAVIES, O.B.E.



With Branches in the following countries, this bank is in a position to assist those interested in developing trade relations with these important markets:

**PORTUGAL.**

- Aveiro.
- Beja.
- Braga.
- Braganca.
- Castelo Branco.
- Coimbra.
- Covilha.
- Evora.
- Faro.
- Figueira da Foz.
- Guarda.
- Guilmaraes.
- Lamego.
- Leiria.
- Olhao.
- Oporto.
- Portalegre.
- Portimao.
- Santarém.
- Setubal.
- Silves.

- Torres Vedras.
- Viana do Castelo.
- Villa Real.
- Vizeu.
- Villa Real de Santo Antonio.

**BRAZIL.**

- Bahia.
- Campos.
- Manaos.
- Para.
- Parahyba.
- Pernambuco.
- Rio de Janeiro (2 offices)
- Santos.
- S. Paulo.

**AZORES.**

- Angra do Heroismo.
- Ponta Delgada.

**PORTUGUESE WEST AFRICA.**

- Benguela.
- Bibe.
- Bissau.
- Bolama.
- Cabinda.
- Loanda.
- Lobito.
- Lubango.
- Malange.
- Mossamedes.
- Novo Redondo.
- Principe.
- S. Thome.
- S. Thiego.
- S. Vicente.

**Cape Verde.**

**PORTUGUESE EAST AFRICA.**

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- Beira.

- Chinde.
- Ibo.
- Inhambane.
- Lourenco Marques.
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- Quellmane.
- Tete.

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- Maigao.
- Mormugao.
- Nova Goa.

**CHINA.**

- Macau.

**TIMOR.**

- Dili.

**MADEIRA.**

- Funchal.

**BELGIAN CONGO.**

- Kinshasa.

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PARIS—8, Rue du Helder, IXE.

**NEW YORK AGENCY, 93 Liberty Street**

J. McCURRACH, Agent

# London and River Plate Bank, Limited.

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Agency : MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: 32 Rua Aures

Antwerp Branch: 22 Place de Meir

	(\$5--£1.)
<b>CAPITAL (Authorized)</b> - - - -	<b>\$20,000,000</b>
<b>SUBSCRIBED CAPITAL</b> - - - -	<b>15,000,000</b>
<b>PAID-UP CAPITAL</b> - - - -	<b>10,200,000</b>
<b>RESERVE FUND</b> - - - -	<b>10,500,000</b>

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**BRAZIL**:—Para, Macelo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. **URUGUAY**:—Montevideo, Montevideo. Sub-Agency, Paysandu and Salto.

**ARGENTINA**:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Onco, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE**:—Valparaiso, Santiago. **UNITED STATES OF COLOMBIA**:—Bogota.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.

Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

**New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.**

tributed to the decrease in value of our money in foreign exchange, have caused us much embarrassment; but they have actually aided in the withdrawal of the stamped notes from circulation. Stamped bank notes of 1,000, 100, 50, 2 and 1 crown denominations, have already lost their legal money value. There remains in circulation a certain quantity of 20 and 10 crown stamped notes. The new state notes are in 5,000, 1,000, 500, 100, 50, 20, 10, 5 and 1 crown denominations.

For want of proper small silver we must make use of that of the old monarchy. Meanwhile we are doing our best to re-establish the mint at Kremnice which was destroyed by the Magyars when they left Slovakia.

By order of the Minister of Finance, May 12, 1919, the State opened a temporary Bank of Issue, created the personnel and rented the real estate of all the branches of the Bank of Austria situated on Czechoslovak territory. This provisional Bank of Issue called "Bankovni urad Ministerstva Financí" (the Bank of the Minister of Finance) has its special statute; it is directed by an independent committee and authorized to fulfill all the business which regularly falls to any institution of note issue. It fills and will continue to fill all the duties of a bank of issue until conditions become more favorable to replace it by a definitely con-

stituted one under the form of a company. The bank has thirty-one branches.

The Bank of Issue rules monetary circulation and is charged with exchange of stamped bank notes against the new state notes and prints the latter. It is occupied principally with the discounting of bills of exchange and advances on deeds. It is necessary to emphasize the fact that a special decree prohibits the bank from granting credits to the state either directly or indirectly.

By means of certificates of reserve the holders have ready means of paying the tax on capital which was voted by the National Assembly April 8, 1920, and from which proceeds will serve, as we have already said, in the first place to withdraw from circulation the non-covered state notes.

Except for the notes of 5,000 crowns delivered by the Bank of Austria and those of 1,000 crowns delivered by the American Bank Note Company of New York, we have been forced to print the others in our printshops, thence the diversity of type and their technical faults.

We are also occupied in preparing metallic treasure for the future Bank of Issue. We have succeeded in procuring 30,000,000 gold francs and 105,000,000 silver francs.

These do not figure in the report of the bank and are managed apart from it.



### Norwegian Money Market

**WITH REGARD TO THE** financial situation in Norway, the Liberty National Bank of New York reports that the position of the Norges Bank shows a continued betterment of the money market since the stringency of December. The note circulation has been reduced by about 62,000,000 kroner since December 22 last. The following three factors have contributed largely to the improvement:

(1) The great demand for and high prices paid for cellulose and paper in foreign countries, which has permitted the disposal of stocks in which large sums of money had been tied up.

(2) The closing of the period for paying state taxes.

(3) The payment of dollar and sterling debts to Norway at the present rates of exchange, and, to some extent, the sale of securities held in foreign countries whose exchanges are at a premium.

Available capital in private banks has risen to over Kr. 5 billion, an increase of more than Kr. 4 billion over the 1914 figures.

To improve the international position of the Norwegian Krone, the exchange council appointed by the Ministry of Finance has made the following recommendations, mostly in the form of amendments to existing legislation:

The government is urged to decree the suspension of the prohibition of sales of Norwegian ships to foreign countries, sales to be permitted without restrictions.

The laws governing the Norges Bank should be amended as soon as possible to give the Bank the right to issue a certain amount of notes independently of its holdings of foreign exchange.

Banks are urged to submit to the council all questions concerning investment of Norwegian capital in any considerable amount in foreign countries, and the renewal of loans abroad.

Private banks also are requested not to contribute to the sale abroad at a premium of Norwegian kroner.

The banks are further asked to get reports from their customers as to the prob-

able demand and supply of foreign exchange during the three months ending June 30.

Strict economy is also recommended in the expenditure of funds derived from payments on outstanding debts in foreign countries.



### Spain a Promising Market

**A** REJUVENATED SPAIN offers the best opportunity in Europe to-day for the extension of American trade, according to H. A. Mathews, vice-president of the Irving National Bank, New York, who returned recently from a ten weeks' visit to England, France and Spain.

"The demand in Spain is for high-class goods," said Mr. Mathews. "The people have money and are earning more, and the country is willing to buy. Spain has manufactured goods as well as agricultural products to sell.

"The war was the great factor in the development of Spanish industry. Until 1914 Spain was an agricultural country. The Spanish capitalist was inclined to lack faith in the value of his home industries and invested his money abroad. During the war, however, Spain was called upon to furnish supplies to other nations in a way she never had before. Being neutral, she traded both with the Allies and with Germany. Moreover, with the severance of the customary sources of supply in many lines, the Spaniards had to manufacture many things which they had been accustomed to buy abroad.

"In consequence, home manufacturers flourished. The Spanish capitalist took notice and began putting his money into undertakings in his own country. Now industry is firmly established with ample financial backing.

"It is foolish for American business houses to go to Spain and open up branches now with purely American staffs. Business there is done largely through personal friendship. The better plan is for the American firm to establish connections with a reliable Spanish house to act as its agent, or establish agencies managed jointly by Spaniards and Americans.



# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital . . . . .	(\$5=£) <b>\$12,500,000</b>
Paid-up Capital . . . . .	<b>3,750,000</b>
Reserve Capital . . . . .	<b>3,750,000</b>
Subscribed Capital . . . . .	<b>7,500,000</b>
Reserves . . . . .	<b>2,825,000</b>
Surplus over Liabilities . . . . .	<b>10,325,000</b>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

"American business has been somewhat discredited in Spain as a result of the tactics pursued by some of our firms which sent agents there ready to promise anything. Apparently the firms expected small orders. Instead, they received large ones which they did not fill, either because the orders were too large or because the home market was so good that they did not consider the shipment worth the effort. In consequence, Spanish importers are skeptical of all American houses except those which they know.

"Myriad business opportunities call to American exporters and it should be well worth their while to send capable representatives to Spain to study the situation."



## Polish Cooperative Banks

AS A MEANS OF PROTECTION to the Polish people from the organized efforts of their German,

Austrian and Russian rulers, to prevent the development of the people's economic life, the Polish co-operative societies were created, according to the Journal of the American-Polish Chamber of Commerce and Industry in the United States. The first one was founded at Posen, now Poznan, in 1861. Through these agencies, practically unknown in the United States until the founding of the Polish republic at the end of the war, the economic condition of Polish communities in Prussian Poland was greatly improved. The usurious money lender was crushed, the influences of foreign finance and trade were met and overcome and the average of individual wealth was materially increased. The co-operative societies made the farmer and the laborer independent, created a middle-class supporting Polish trade, manufacturing and commerce. The societies were bulwarks against German aggression and built a wall against German economic progress to the East.



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#### NICARAGUA

NATIONAL BANK OF  
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CUBA

Havana Ciego de Avila

#### COSTA RICA

BANCO MERCANTIL  
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San Pedro Sula  
Puerto Cortéz  
Tele

## Central America

*American interests in Central America are served by Banks affiliated with The Mercantile Bank of the Americas in Nicaragua, Honduras, and Costa Rica and by Agencies in Salvador and Guatemala.*

The nearness of Central America and its present commercial relations with the United States, make it a fertile field for American business expansion.

In two of the countries, Nicaragua and Costa Rica, we control the only banks operating under American supervision—the National Bank of Nicaragua and the Banco Mercantil de Costa Rica. In Honduras we operate through an affiliate, the Banco Atlantida, and in Salvador and Guatemala through agencies.

The American merchants and manufacturers who are developing their business relations with Central America, will find that of all the machinery necessary for facilitating foreign trade with those countries, no part is so well established as the banking machinery.

The Mercantile Bank of the Americas has thoroughly studied the peoples of Central America and their mode of doing business. It is prepared to place its knowledge and experience at the disposal of those interested in trade with Central America.

*Our booklet will be sent on request*

## MERCANTILE BANK OF THE AMERICAS

*An American Bank for Foreign Trade*  
44 PINE STREET, NEW YORK

Today, the Polish people in the former Prussian provinces stand upon a strong economic foundation and are able to aid financially in the reconstruction of Poland. The first loan to the new Polish republic came largely from the former Prussian provinces of Poland. The co-operative societies and their central bank, the Union Bank of the Co-operative Societies, furnished funds to the extent of three-quarters of the entire loan. These institutions further aided the government by extending liberal credits at various times as the needs of the country demanded.

The central bank, or Union Bank of Co-operative Societies, was organized in 1886 to act as a clearing house for the smaller institutions in the matter of credits and commercial and financial transactions. The initial capitalization of the Union Bank was 40,000 marks, but had been raised by 1919 to 6,000,000 marks. During that year up to November its capitalization was increased to 60,000,000 marks. In 1918 its business totaled 2,500,000 marks while in 1919 its business aggregated 7,000,000,000 marks. Latest advices from Poland disclose that the capital of this bank has been increased to 80,000,000 marks, the surplus to 50,000,000 marks and the deposits to more than 300,000,000 marks.

In order to facilitate its work, it has established principal branches in Warsaw, Torun, Danzig, Lubin, Cracow, Kielce and Radom. When to these are added the 425 people's banks with their capital and assets controlled by and under the supervision of the Union Bank, acting as the clearing house bank, it may be seen what a powerful institution this bank is and what enormous possibilities it possesses. And it grew from the humble beginnings of the co-operative movement.



### Cuban Trade Prospers

ACCORDING TO THE bulletin of the American Foreign Banking Corporation of June 1, the sugar crop of Cuba will not reach the original esti-

mate of 4,446,429 tons. The estimate already has been reduced to 3,900,000 tons and it is thought that even this figure will be difficult to reach. Cuban exports and imports for the fiscal year ending March 31, 1920, are given as follows:

#### Exports to:

United States . . . . .	\$439,633,936
Other American countries	10,912,602
Germany . . . . .	10,425
Spain . . . . .	8,243,963
France . . . . .	23,041,878
Great Britain . . . . .	82,521,328
Other European countries	6,636,254
All other countries . . . . .	1,909,987

Total . . . . . \$572,910,376

#### Imports from:

United States . . . . .	\$272,192,946
Other American countries	27,257,637
Germany . . . . .	197,499
Spain . . . . .	15,911,108
France . . . . .	9,905,719
Great Britain . . . . .	8,746,505
Other European countries	3,059,989
All Other countries . . . . .	20,305,129

Total . . . . . \$357,575,522



### Consortium Seems Assured

THE FORMATION OF a consortium of the financial interests of the four great powers, the United States, Great Britain, France and Japan, to aid China now seems assured. Upon his return with a party of American bankers from the Orient, Thomas W. Lamont, of J. P. Morgan & Co., commended Japan highly for joining in the consortium plans. He declared that the Far Eastern question, which for years, directly or indirectly, has affected all leading nations of the world, has been brought one step nearer solution by reason of the consortium.

Mr. Lamont, in addressing Chinese bankers at Peking in April, outlined the purposes of the consortium.

"The idea has seemed to prevail that the consortium is eagerly seeking for

## ***Our Service to Banks and Bankers***

**COLLECTIONS:** A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

**LETTERS OF CREDIT:** Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

**TRAVELERS AND REPRESENTATIVES:** When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

**CREDIT INFORMATION:** Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

*We Cordially Invite Your Correspondence*



**Foreign Department**

**Head Office, Havana, Cuba**

an opportunity to come to China to do business," he said. "This is not the fact. We are desirous of proffering assistance to China if she desires to receive it, but we have no scheme or plan to impose upon the Chinese people. We all have enough work and enough troubles of our own at home without coming half way around the globe to assume new difficulties. All of the countries represented in the consortium are short of working capital. It would be a satisfaction to all of them to learn from me that China did not require our assistance and that we were, therefore, free to conserve our resources for pressing needs at home. Let me emphasize this point—unless you want us to come we don't want to come and we will not come.

"Another misconception prevailing seems to be that I, as representing the American banking group, am anxious immediately to work out some definite plan for a loan or what not, and that unless I do so my mission will have failed. Nothing could be farther from the truth. I am charged by the American group to bring to China their cordial expressions of good will, to explain the aims of the American group, and of the proposed consortium, and to bring back to America a thorough-going report as to conditions here; but for me to complete any particular negotiations at this time is quite unnecessary, and unless China desires me to do so, I certainly will not undertake such a task.

"Now a few words about the consortium itself. Its organization is the fruit of a general understanding arrived at over a year ago among the four great governments involved. The American Governments had some months previously proposed to Great Britain, to France and Japan the organization of banking groups for a new consortium on a much broader basis than the old one.

These proposals contemplated a free and full partnership on the part of the four banking groups involved for the purpose of offering assistance to China in the development of her great public enterprises, such as transportation and, possibly, reform of the currency. Fur-

ther, it was contemplated that each banking group should turn over to the consortium such options or concessions as it held, upon which substantial progress had not been made. It was felt that by following such a course as this and by having the four groups work together, there would be avoided for the future the setting up of new spheres of influence that might threaten the integrity of China.

It was felt, too, that a consortium organized along these lines would help in preventing possible jealousies that might otherwise be engendered; would bring into greater sympathy all five Powers involved, including China, which would thus work together for the welfare of the Western as well as of the Eastern nations.

The American people have always taken as their golden text for China the phrase of "the open door," and it was with this idea in mind that the American government proposed this plan in the hope that it would for the future serve to prevent new spheres of influence and would keep open all the doors to trade and to friendly intercourse.

"The idea has seemed to prevail that the consortium intended to carry on or extend its influence over a vast number of different enterprises in China, like banking, commerce and manufacturing. Nothing could be farther from the truth. The consortium plans to deal chiefly with those great basic enterprises, the development and establishment of which will make in China a firmer foundation upon which private initiative in banking and commerce can safely build.

"Unless we have the coöperation of the Chinese people and banking fraternity we cannot take one single step forward. We hope, too, that in a material way China will not rely too much upon the consortium but will be able to mobilize her own great latent wealth for purposes of domestic development. The lighter the burden that is laid upon the consortium, the fewer enterprises that we are required to take up, the better we shall be pleased."

## Bankers Union for Foreign Commerce and Finance

A UNION OF AMERICAN financial institutions to conduct foreign business has been organized under Connecticut laws. The organization is called the Bankers Union for Foreign Commerce and Finance and has an authorized capital of \$15,000,000.

According to Benedict M. Holden, attorney of Hartford, Conn., and counsel for the new banking corporation, the institution was chartered to do an international banking business, to issue letters of credit, to transact the business of merchants, manufacturers, commission merchants, shippers, builders, warehousemen, financiers, brokers, contractors and concessionaries, and to take securities, including stocks, bonds of municipalities, etc.

There will be member banks throughout this and foreign countries through which business will be transacted. These banks will be allowed to take a certain amount of stock and some will be offered to individuals.

"The Bankers Union for Foreign Commerce and Finance." Mr. Holden said, "will enable the exporters of the United States to do a credit business in foreign countries through their local banks and the credit will be safeguarded by proper underwritings. It is the theory which has been advocated by Frank A. Vanderlip and it will enable us to put into practice the suggestion advanced by Mr. Hoover to help foreign countries and the nationals of these countries to find a way to help themselves.

The bank is headed by Henry Brunner, formerly of Switzerland, who has offices at 52 Wall street, and has banking connections in Genoa, Geneva, Paris, San Francisco and other cities of the Pacific Coast and Mississippi Valley. Mr. Brunner has gone to Europe with \$5,000,000 of the stock underwritten. He expects to perfect plans for establishing business in European countries.

Other officers of the institution are:

George Edmund Smith, first vice-president. Mr. Smith is vice-president of the Royal Typewriter Company, a New York director of the Asia Banking Corporation and a director and for two years president of the American Manufacturing Export Association.

Henry V. Greene, of Boston, is second vice-president. Mr. Greene is a trustee of the First People's Trust Company of Boston and a director of the Commercial Finance of Boston.

Other directors are Fairfax S. Landstreet, vice-president of the Consolidation Coal Company of Maryland, chairman of the board of directors of the New York Dock Company and a director of the Continental Trust Company of Baltimore; William F. Kenney, chairman of the board of trustees of the Boston public library; Frank S. Perkins, former artillery colonel in the 26th Division and a trustee of the Salem Institute for Savings, Salem, Mass.



## Increases in Paper Money

THE PAPER MONEY OF the world has increased from about \$7,000,000,000 at the beginning of the war in 1914 to \$40,000,000,000 at the date of the armistice and \$56,000,000,000 at the present time, according to O. P. Austin, statistician of the National City Bank, New York. The national debts of the world have grown from \$40,000,000,000 in 1913 to \$265,000,000,000 in 1920, while world credits, another form of inflation, also have increased enormously. Meanwhile the world stock of gold available for currency has increased only about \$2,000,000,000.

The ratio of gold to paper currency of the world, which was seventy per cent. in 1913, at the present time is approximately five times as much as before the war and the annual interest charges on world national debts is now more than \$9,000,000,000 a year as compared with \$1,750,000,000 immediately preceding the war. Mr. Austin



# THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render exceptional service  
in exceptional times

**RESOURCES OVER \$42,000,000**

JOHN A. LYNCH. . . . .	President	LOUIS J. MEAHL. . . . .	Asst. Cashier
WM. T. FENTON, 1st Vice-Pres. and Manager		WM. C. FREEMAN. . . . .	Asst. Cashier
ROBT. M. MCKINNEY, . . . . .	2nd Vice-Pres.	CHAS. S. MACFERRAN. . . . .	Asst. Cashier
WATKIN W. KNEATH. . . . .	3rd Vice-Pres.	WALTER L. JOHNSON. . . . .	Asst. Cashier
OSCAR H. SWAN. . . . .	Cashier	THOS. H. O'CONNOR. . . . .	Asst. Cashier
THOMAS D. ALLIN. . . . .	Asst. Cashier	HAROLD M. MICHAELSON. . . . .	Asst. Cashier

BOND DEPARTMENT in charge of - - - - - Watkin W. Kneath, 3rd Vice-Pres.  
 FOREIGN EXCHANGE DEPARTMENT in charge of - - - - - A. O. Wilcox, Manager  
 DEPARTMENT OF ANALYSIS AND STATISTICS in charge of - - - - - J. S. Baley, Manager

quoted distinguished experts to the effect that inflation is the "most conspicuous cause" of high prices.



## America's Future on Pacific

**I**N HIS NEW BOOK on commercial opportunities in China, Julian Arnold, commercial attache of the United States at Peking, declares that the future of the American people is on the Pacific.

The opportunities of the United States on the Pacific are without limit, but the responsibilities will prove equally great. The only way this country can meet these opportunities and responsibilities creditably to its own civilization and its own position is by an intelligent and sympathetic understanding of the peoples of Asia and the present problems confronting them. Without this understanding we may unwittingly make some very disastrous mistakes.

There need be no international jealousies in the competition for the wonderful trade that China will have to offer, as there

will be room for all. A strong, independent, self-reliant China possessed of progressive ideals will prove a blessing to humanity. It behooves the West in its relations with China to work on broad lines in a spirit of co-operation rather than competition, with a vision for the future, as the day will come when the Pacific will be the world's great arena of trade and commerce. That trade will be worth while only if it is built upon a foundation of friendship and good will.

He makes the following recommendations among others:

Encouragement of American loans to China and of the sale of Chinese securities on the American market.

Sufficient American shipping facilities to handle the American trade on the Pacific and on the Yangtze River.

Federal incorporation for American firms wishing to operate in China, requiring that at least 51 per cent. of the capital stock and a majority of the board of directors be American.

Encouragement of joint Chinese-American enterprises in China.

Establishment of a good American news service in China.

Participation of American capital in a large way in the development of China.

Creation of facilities in China for the

training of young American business men in the Chinese language.

American commercial commissions should visit the Far East.

Including the study of Chinese geography, history and commerce in the high schools of the United States and departments of Oriental language and literature in American universities.

This and another commercial handbook written by Mr. Arnold may be obtained from the Bureau of Foreign and Domestic Commerce or from the Superintendent of Documents, Government Printing Office, Washington, D. C. The price of the two volumes is \$1, the first thirty cents and the second forty cents.



## Mercantile Bank of India

**T**HE CHAIRMAN OF THE BOARD of the Mercantile Bank of India, R. J. Black, in his annual report to the stockholders gave that institution's gross profits for the year as £489,425 as against £391,363 the previous year, after providing for depreciation on securities, excess profits tax, bad and doubtful debts and a bonus to the staff of the bank. Expenses of management increased £63,537, chiefly due to increases in salaries to meet the new conditions of living.

The previous year's dividend with the addition of a two per cent. bonus was proposed, leaving £96,430, 2s. 2d. to carry forward to 1920. Mr. Black said:

The change which is of more immediate interest to us is the disappearance of the old relationship between the rupee and silver, and in its stead the establishment of a rupee on a gold basis, the effectiveness of which, however, owing to other predominating factors, has still to be achieved. No doubt it will be accomplished in time, when normality is resumed; meanwhile, governed by supply and demand, exchange will ebb and flow, but with a trend, generally speaking, toward the 2s level, as these disturbing factors gradually adjust themselves.

The sudden jump in February of the rupee to between 2s 10d and 2s 11d naturally disorganized export from India and gave a fillip to imports which, together with many taking advantage of the very favorable rates to convert their rupees into

sterling, created a one-sided demand, with the inevitable result—the sagging away of rates which we have seen of late.

The position has been just the reverse to what it was for a considerable period during the war. Then banks could not buy exchange without selling; now their power of selling is in a great measure governed by the supply of merchants' bills against exports, as the adjustment of trade balances by shipping gold is not yet feasible. I fear the question of the level fixed upon for the rupee will always be more or less controversial.

To finance the volume of trade we were accustomed to before the war requires a very considerable increase in resources. We have also to provide for the natural expansion in our business to which we have reason to look forward. We therefore propose and recommend to you the doubling of our authorized capital, making it £3,000,000, by the creation of 300,000 new shares of £5 each, to be called "C" shares. Owing to their high denomination, many find it prohibitive to participate in a class of investment of the highest order, so instead of continuing the £25 shares (£12 10s paid up) we have decided to reduce the denomination of the new shares to £5 per share.



## Royal Bank of Canada

**T**HE FIFTIETH ANNUAL REPORT of the Royal Bank of Canada, contains the following interesting chronology of the bank's history:

- 1869 Charter of incorporation obtained in the name of the "Merchants Bank of Halifax."
- Bank open for business in Halifax, N. S. T. C. Kinnear, first president. George Maclean, cashier.
- 1870 Thomas E. Kenny elected president on retirement of T. C. Kinnear.
- 1882 D. H. Duncan appointed cashier.
- 1887 Branch opened in Montreal, Que.
- 1895 Branch opened in St. John's, Newfoundland.
- 1897 Branch opened in Vancouver, B. C.
- 1898 Further branch extension in British Columbia.
- 1899 E. I. Pease appointed joint general manager.  
Branch opened in Havana, Cuba.  
Agency opened in New York City.
- 1900 E. I. Pease appointed general manager, vice D. H. Duncan, retired.
- 1901 Name of bank changed from the "Merchants Bank of Halifax" to "The Royal Bank of Canada."
- 1902 Purchase by American capitalists of 5,000 shares of stock.



# The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.



BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.

Capital fully paid-up . . . . .	(pesos) 6,750,000.00
Reserve Funds . . . . .	4,250,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

## AGENTS

London: Nat'l Bank of Scotland, Ltd.  
 Spain: Banco Hispano Americano  
 Hongkong: Netherland India Com'l Bank  
 San Francisco: Wells Fargo Nevada Nat'l Bank  
 New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte  
 Australia: Bank of New South Wales  
 Shanghai: Bank of Canton, Ltd.  
 Chicago: Continental & Commercial Nat'l Bank  
 Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

- 1903 Branch opened in Toronto, Ont.  
Purchase of assets of Banco de Oriente, Santiago de Cuba.
- 1904 Purchase of assets of Banco del Comercio, Havana.  
Appointment by Government of Cuba as agent for the distribution of \$31,000,000 awarded to the Army of Liberation.
- 1905 Commission from the Cuban Government to distribute a further sum of \$30,000,000, remainder of Army Award.  
Dividends made payable quarterly.  
Herbert S. Holt (now Sir Herbert Holt and president of the Bank) joined the board of directors.
- 1906 Branch opened in Winnipeg, Man.
- 1907 Head office removed from Halifax to Montreal.  
H. S. Holt, elected vice-president.  
Branch opened at San Juan, Porto Rico.
- 1908 Thomas E. Kenny, president since 1870, died.  
Herbert S. Holt elected president; Edson L. Pease, vice-president.  
New head office building in Montreal occupied.  
Branch opened at Nassau, Bahamas.
- 1909 Branch opened at Quebec.
- 1910 Purchase of Union Bank of Halifax.  
Branches opened in London, England, and Port of Spain, Trinidad.
- 1911 Branches established at Kingston, Jamaica, and Bridgetown, Barbados.
- 1912 Purchase of the Traders Bank of Canada.  
Purchase of assets of the Bank of Irish Honduras.  
Business year changed to end November 30, instead of December 31, as formerly.
- 1914 Purchase of the Bank of British Guiana.
- 1915 Honor of Knighthood conferred upon the president, Herbert S. Holt.  
Branch opened at San José, Costa Rica.
- 1916 Appointment of Edson L. Pease as managing-director and of C. E. Neil as general manager.  
Branch established in Caracas, Venezuela.
- 1917 Purchase of the Quebec Bank.  
Retirement of W. B. Torrance, Superintendent of Branches and Chief Inspector, after thirty years of service.
- 1918 Purchase of the Northern Crown Bank.  
Branch opened in Barcelona, Spain.
- 1919 The Royal Bank of Canada (France) organized and a branch opened in Paris.  
Reciprocal working arrangement entered into with the London County Westminster & Parr's Bank, Ltd., of London, England.

# Nordisk Bankinstitut A/S

Christiania, Norway

*Paid up capital of 8 Million Kroner*

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



Branches opened at Rio de Janeiro, Brazil; Buenos Aires, Argentine; and Montevideo, Uruguay.

Since the bank's incorporation in 1869, capital paid up has increased from \$300,000 to \$17,000,000; reserve fund from \$20,000 to \$17,000,000; deposits from \$284,656 to \$419,121,399; loans from \$266,970 to \$284,083,245; assets from \$729,168 to \$533,647,084. The dividend rate has never been below 6 per cent. and in 1919 it was 12 per cent.

The report besides showing the progress of the Royal Bank of Canada, contains some interesting and valuable statistics on the growth of Canadian trade and Commerce.



## Currency Medium in China

**SOME** interesting sidelights are thrown on banking in the Orient by Mr. F. V. Reilly, manager of the Shanghai office of the Park-Union Foreign Banking Corporation, in the July issue of the "Union Bank Monthly."

"The most interesting feature of banking in China is the antiquated and still prevailing use of Sycee as a currency medium known as Shanghai Taels," says Mr. Reilly.

"The latter, of course, is a weight. While the actual Sycee does not circulate freely, it is the basis on which all transactions of the port of Shanghai are consummated.

"The Mexican and Chinese silver dollars and subsidiary coinage, as well as the note issues of the principal foreign and Chinese banks, are used for ordinary purposes in the shops.

"The banks maintain their cash balance principally in Sycee and as no clearing house exists in Shanghai the compradore of each bank washes off the transactions of the evening, settling the balance due by carrying boxes of Sycee about the streets frequently up to nine or ten o'clock at night.

"The word 'Sycee' is an old Chinese word meaning shoe, hence the Sycee is formed in melting to the size of a Chinese woman's shoe. Each shoe varies in weight but averages at fifty to fifty-two Shanghai Taels.

"Silver arriving in England in the form of bars or foreign coins is immediately melted into Sycee by the Shanghai Melting Shops Guild, comprising nineteen shops with a capacity of melting about four lacs (400,000) of taels daily.

"The bar silver, for instance, is loaded on a Chinese wheelbarrow, having one wheel in the center, in charge of a Sycee coolie earning about twelve to fifteen dollars a month and sent to the melting shops in charge of a shroff (Chinese clerk). No other guard is provided.

It is interesting to compare this method of carrying treasure about the crowded streets of Shanghai with the precautions taken at home in the moving of silver and gold, such as providing enclosed express wagons and several

# Aktiebolaget Svenska Handelsbanken

The Swedish Bank of Commerce

HEAD OFFICE: Stockholm

Cable Address: "HANDELSBANK"

Capital Paid Up . . . . Kr. 80,708,600

Reserve . . . . . Kr. 100,268,609

Resources . . . . . Kr. 1,501,601,560

With 254 branches throughout Sweden this bank is fully equipped to handle the Swedish business of American banks

armed guards. This probably would be difficult to believe from the guard's appearance as they wear the most dilapidated clothing and are frequently without shoes the coldest day in winter.

The Foreign Exchange Banking Association of Shanghai have recently addressed a petition to the Chinese officials in Peking, recommending the abolishment of the use of Sycee and the establishment of a mint in Shanghai, under foreign supervision for the coinage of Chinese dollars and subsidiary coins.

"Hongkong has discontinued the use of Sycee, and if the same course is followed in Shanghai and the other ports of China, it is believed that the long-looked-for currency reform of China, so often provided for in the various treaties she has signed, will finally become an actual fact.

China for the past eight months has been a heavy buyer of silver in the American market but it has been immediately absorbed upon arrival and the result has been that the eighteen foreign banks, twenty Chinese and one hundred native banks of Shanghai have been financing the enormous export business and caring for the local requirements upon a combined capital or actual holding of Sycee of about sixteen million Shanghai Taels.

Every merchant is an exchange expert and exchange is the principal topic of conversation day and night. We frequently see fluctuations over night of five to ten per cent.

## International Banking Notes

The Guaranty Trust Company of New York has appointed James Nicholson Christie as auditor of its Paris office and Charles S. France and Edward F. Paulu as auditor and assistant auditor respectively of its Brussels office.

The recent heavy exportation of gold to Argentina from the United States has resulted in an advance above par for the American dollar for the first time in many months. Argentine bankers are depositing gold with the government, which is releasing equal amounts held by the Argentine embassy at Washington for delivery to the bankers' principals in the United States. This is equivalent to exportation. Thus far \$4,500,000 has been released.

According to London reports, financial quarters in the United States and in the South American countries will be the principal subscribers to any international loan which may be decided upon to finance Germany's indemnity payment. The Brussels financial conference was expected to fix the amount of the loan at about £300,000,000.

Frank A. Vanderlip, president of the International Banking Corporation, returned with a party of American financiers from Japan the latter part of May. Mr. Vanderlip declared there is a strong desire in Japan for the friendship of the United States. He told of a meeting of 7,000 which he addressed. So many were turned away, he said, that he had to speak again to an overflow meeting.

TO WHOM IT MAY CONCERN

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*Short Cuts to Better Insurance Service*

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# *United England*

British bankers, manufacturers, shippers and insurance men are united against all competition. They realize that they share together the wealth of British overseas commerce, and they work together with interlocking interests in banking, shipping and insurance circles. Each group favors the other. Whenever marine insurance is placed it is *British Preferred*.

British business men do this in order that British money and British trade secrets — revealed in the insurance policy—shall not go into the hands of foreign business rivals.

*Our booklet "The Basis of Our Shipping Prosperity" gives facts and figures of value to American Business Men. Write for it.*

United States now meets United England in rivalry for overseas commerce.

When you place marine insurance do your trade secrets and your money go to foreign competitors, or do you specify *American Insurance Preferred*?

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***The Washington Marine Insurance Co.  
of New York***

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**MARINE AND AUTOMOBILE  
INSURANCE**

**Home Office: 51 Beaver Street, New York**

The Skandinaviska Kredit Aktiebolaget of Gothenburg, Stockholm, has declared a dividend for 1919 of 21.2 per cent. Since 1914 the deposit and current accounts of the institution, the largest in Sweden, have risen from kronen 250,384,094 to kronen 961,050,921. The paid-up capital and reserves of the institution on December 31, 1919, were kronen 182,000,000.

In a transaction involving close to \$1,200,000, the Banca Commercial Italiana of Milan, Italy, has completed negotiations for the purchase of the eight-story building at 62 William street, southeast corner of Cedar street, New York City, in the vicinity of the Federal Reserve Bank. The structure, 32.2 by 123.9 feet, is to be completely modernized. The bank will occupy three or four floors.

The Hungarians are planning to have the most beautiful money in Europe. Aside from beauty, it will be difficult to counterfeit, as well as washable and durable.

Because of the lack of precious metals, the government of Hungary is planning to issue bills of small denominations printed on tanned pigskin rather than paper. Bills of larger denominations will be printed in silk paper, the fabric for which is being obtained from silk wall paper torn from old palaces throughout the country. The paper will resemble somewhat that upon which the currency of the United States is printed.

France has modified its law prohibiting the departure of tourists from that country with more than a thousand francs, equivalent to \$200 in American money in normal times. It is stated that travelers may now enter or leave France with any amount of money provided it be in the form of American currency rather than in French notes. The American Express Company, to meet this requirement, is issuing French franc travelers cheques.

R. E. Saunders, New York agent of the National Bank of South Africa, Ltd., has received the following cable from the bank's head office:

Annual meeting shareholders National Bank of South Africa, Ltd., held here today, J. Emrys Evans, C.M.G. (vice-chairman), presiding in the absence of chairman. Speech reviewed balance sheet figures of 31st March, 1920, showing paid-up capital,

£2,965,000; deposits, £61,323,000; notes in circulation, £4,327,000; cash assets, £13,761,000; investments, £12,185,000, all gilt-edged written down to or below market quotations. Bills of exchange, £14,429,000; liquid assets, £40,375,000, representing fifty-eight per cent. bank's liabilities to the public. Bills discounted loan, etc., £32,961,000. Substantial increase reflected in all departments. Net available profits, including carry forward, £538,683, after allocating £50,000 reduction bank premises account and making full provision for bad and doubtful debts, board recommend dividend seven per cent. and bonus one per cent., absorbing with dividend already paid £235,483; also recommend allocation £60,000 to officers' Pension Fund, and £200,000 Reserve Fund, making latter £1,250,000 and leaving £43,200 to carry forward. Capital and Reserve Fund now amount to over £4,200,000. All these recommendations adopted. Speech surveyed mining, farming and commercial industries, making particular reference to continued progress of last mentioned. Also spoke hopefully of country's advancement notwithstanding possible temporary set-back.

George C. Finehout, for ten years with the American Express Company in New York City, has been made manager of the foreign banking and trade department of the Webster and Atlas National Bank, Boston. His last position with the American Express Company was superintendent of the Commercial Credit Division.

The report of the directors of the London Bank of Australia, Ltd., for the year ended December 31, 1919, shows net profits of £110,052, 6s. 10d. after deducting management charges, all taxes, including the federal income and land taxes and state government land and income taxes, and providing for all bad and doubtful debts. The directors recommend the following uses for the sum:

	£	s.	d.
Transfer to bank premises...	10,000		
Grant to officers' provident fund	4,000		
Interim dividends paid Nov. 4,			
1919 .....	26,518	8	0
Dividends now proposed to be paid .....	39,398		
To reserve fund .....	30,000		
Balance carried forward.....	135		

The sum of £135 added to the amount brought forward the year before has increased the balance to £24,398.

The report of the directors of the Industrial Bank of Japan, Ltd. (Nippon Kogyo Ginko) for the half-year ending December 31, 1919, shows net profits of yen 4,100,241.400. The gross profits for the half-year, including yen 83,471,760, balance of profit and loss account brought forward from the first half-year, totaled yen 18,248,201.910 provided for as follows:

	Yen.
To current expenses, interest, etc. ....	11,996,724.460
To depreciation on bonds, shares, and debentures; on bad debts, etc. (an increase of yen 755,425.680 as compared with the last term) ...	2,151,236.060
To reserve against loss. ....	2,838,470.500
To dividend equalization reserve .....	28,000.000
To dividends (7 per cent. per annum) .....	1,108,333.333
To remuneration to officers. ....	40,000.000
To balance carried forward to next account .....	85,437.567

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The report of the directors of the Union Bank of Scotland, Ltd., for the year ending April 1, 1920, shows net profit of £310,774 11s. 11d, after providing for rebate of interest and for all bad and doubtful debts. To this must be added £54,801 4s. 7d. brought forward from the previous year, making a total of £365,575 16s. 6d. The directors have applied or recommend the following uses for the sum:

Transfer to bank offices. ....	£10,000
Heritable property yielding rent. ....	10,000
Securities and investments. ....	140,000
Two half-yearly dividends proposed to be paid .....	160,000
Pensions and allowances fund. ....	10,000
Balance carried forward to next year .....	35,575

The report of the directors of Lloyds Bank, Ltd., for the year ending December 31, 1919, shows net profits of £2,876,302 12s. 1d., after deducting management charges, the annual contribution to the Provident and Insurance Fund, and providing for rebate, income tax, bad debts and contingencies. To this must be added £472,755 5s. 7d. brought forward from the previous year, making a total of £3,349,057 17s. 8d. (These figures include the profit of the West Yorkshire Bank, Limited, for the whole year, taken over by Lloyds Bank). The directors recommend the following uses for the sum:

	£	s.	d.
Interim dividends paid June 30, 1919 .....	572,377	5	5
Transfer to bank premises account .....	200,000		
Transfer to special contingency account .....	1,150,000		
Staff widows and orphans fund .....	50,000		
To reserve fund .....	150,000		
Dividends proposed to be paid .....	597,615	15	3
Bonus of 3s. a share. ....	123,644	12	9
Balance to be carried forward .....	505,420	4	3

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The New York agency of the London and River Plate Bank, Ltd., has announced the opening of a new branch in Brazil at Rio Grande do Sul.

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The New York Agency of the Bank of British West Africa, Ltd., received a cable dispatch from the head office in London stating that the directors of the bank have declared a dividend for the half year ended March 31 last of six per cent. With the disbursement of four per cent. for the period ending September 30, 1919, this makes a total disbursement of ten per cent. for the year April 1, 1919, to March 31, 1920.



# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

**CAPITAL - - - - \$5,000,000.00**  
**SURPLUS - - - - 5,000,000.00**  
**UNDIVIDED PROFITS 2,200,000.00**

**OFFICERS**

HARVEY D. GIBSON . . . . .	President
DANIEL G. REID . . . . .	Vice President
ALEXANDER V. OSTROM . . . . .	Vice President
CHARLES W. RIECKS . . . . .	Vice President
ERNEST STAUFFEN, Jr. . . . .	Vice President
JOSEPH A. BOWER . . . . .	Vice President
BENJAMIN E. SMYTHE . . . . .	Vice President
JAMES G. BLAINE, Jr. . . . .	Vice President
JOSEPH S. MAXWELL . . . . .	Vice President
GEORGE MURNANE . . . . .	Vice President
SIDNEY W. NOYES . . . . .	Vice President
MAURICE F. BAYARD . . . . .	Vice President
FREDERICK W. WALZ . . . . .	Cashier
FREDERICK P. McGLYNN . . . . .	Assistant Cashier
THEODORE C. HOVEY . . . . .	Assistant Cashier
LOUIS W. KNOWLES . . . . .	Assistant Cashier
RAYMOND G. FORBES . . . . .	Assistant Cashier
DANFORTH CARDOZO . . . . .	Assistant Cashier
EDWARD J. WHALEN . . . . .	Assistant Cashier
DONALD D. DAVIS . . . . .	Trust Officer

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National Bank of Commerce, New York  
Asia Banking Corporation, New York  
Mercantile Trust Company, New York  
American Exchange National Bank, Dallas, Texas  
Charlotte National Bank, Charlotte, N. C.  
First National Bank, Jersey City, N. J.  
Greenwich Trust Company, Greenwich, Conn.  
Colonial Trust Company, Philadelphia, Pa.  
Titusville Trust Company, Titusville, Pa.  
First National Bank, Richmond, Va.  
Virginia Trust Company, Richmond, Va.  
Planters National Bank, Richmond, Va.  
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

**Alfred C. Bossom**

*Bank Architect and Equipment Engineer*

680 Fifth Avenue, New York



# Fifth Avenue Office of the Guaranty Trust Company

**T**HE NEW FIFTH AVENUE office of the Guaranty Trust Company of New York at the southwest corner of Fifth Avenue and Forty-fourth Street, was opened for business on May 24. On the preceding Saturday many friends and customers of the company had accepted an invitation to inspect the new quarters, and throughout the following week visitors were constantly in the building. Friends had sent bouquets to all the officers, and the flowers, against the background of marble and dull bronze, served to enhance a beauty of interior which evoked warm praise from all who beheld it. With the removal of builders' scaffolding and other trappings of alteration and construction, the changed exterior of the old Sherry building becomes impressive to the most casual observer along the avenue. The altered building, hence to be known as the Fifth Avenue Guaranty building, will be singled out by the discerning as one of the distinctive features of the world-famous thoroughfare.

With the additions and alterations that have been made, the old Sherry building will hardly be recognized in the new home of the Guaranty's Fifth Avenue office. The two four-story buildings which formerly adjoined it, one on Fifth Avenue and the other on Forty-fourth Street, have been replaced by additions uniform in height and façade with the present structure, giving a frontage of 115 feet on Fifth Avenue and of 250 feet on Forty-fourth Street. These two façades, carried out in limestone, with the old stone cleaned to match the new, make a very imposing building. In the original building an elaborate Doric order occupied the exterior of the first two floors. This was heavy in scale and so crowded as to be lacking in dignity and repose, besides keeping out light so necessary in banking rooms. Every second pilaster was therefore eliminated and a classic arch constructed in its place.

On the Fifth Avenue side the old building afforded space for four such arches, but the addition to the building already referred to made a fifth arch possible, thus greatly increasing the strength and dignity of the façade. The same treatment was carried down the Forty-fourth Street side. The arches are two stories high and the cornice above is supported by keystones beautifully modeled and carved. The infills are ornamented cast iron mullions and panels richly modeled. The top of the building was also changed by the elimination of a very heavy cornice which was replaced by a much simpler cornice and ornamental frieze containing windows which light the top floor directly where it had previously been only directly lighted through the old cornice.

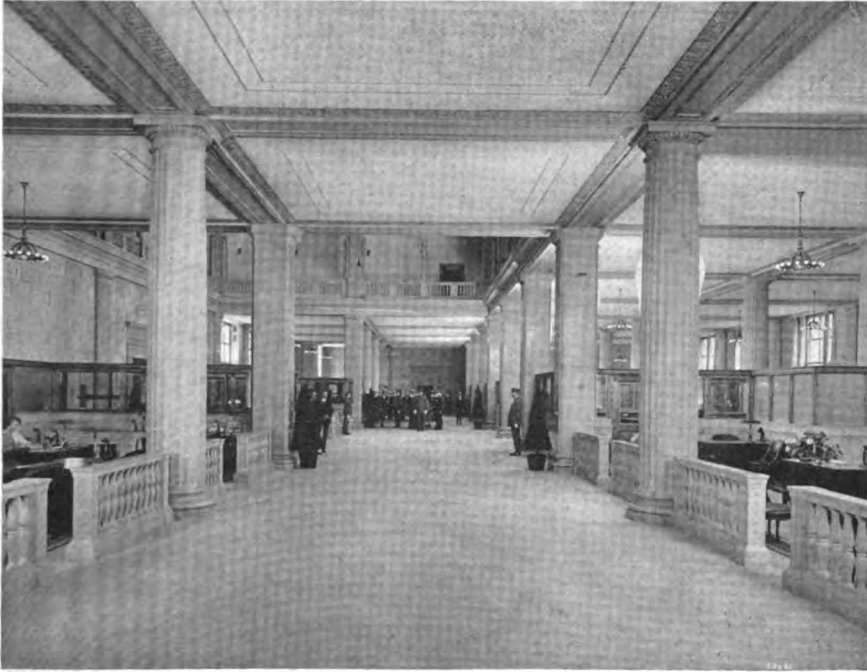
This building operation was completed after a year's work by Todd, Jones and Robertson, general contractors, in accordance with the plans and under the supervision of Cross and Cross, the architects.

The main entrance to the banking room is in the center of the Fifth Avenue façade, through a granite doorway, carved in the manner of the Italian Renaissance. A pair of handsome bronze doors weighing more than 600 pounds each, surmounted by a pierced grille, all modeled in the same style, complete this fine entrance. The models were made by Ricci and Zari, the carving done by Edward Ardolino, and the bronze work executed by the Gorham Company, who also cast the banking screen and check desks in the banking room.

Immediately arresting the eye as one enters either from Fifth Avenue or Forty-fourth Street, is the two-storied center of the banking room, carried out as the court yard of an Italian Renaissance palace, surrounded by an arcaded gallery with decorative vaulting. The primary object of this court is to give light to the dark center of the room



**New Home of the Fifth Avenue Office of the Guaranty Trust Company of New York**



View of Main Banking Floor from Fifth Avenue Entrance

and also to add to the apparent height of the ceiling, where the architects were limited by the existing ceiling of the old Sherry building, far too low for such a floor area as is contained in this room.

Massive Doric columns extend the length of the banking room and form a corridor on each side of which are the working spaces of the various departments. These are of Hauteville marble, as are the low balustrades running between them. The capitals are richly carved. Beams in the ceiling between all the columns form panels light in scale and color, and augmented by flat and gracefully ornamented mouldings. The main corridor is floored with pink Tennessee marble. Throughout the working spaces of the bank the floors are of cork. The ceilings have been specially treated for acoustic purposes. The side walls of the bank are of Eauville stone. This stone and the marble for the columns, entrances, and balustrades were imported from France.

There are three entrances to the

main banking floor, from Fifth Avenue, from Forty-fourth Street, and from the corridor of the building. That from Fifth Avenue opens upon a corridor twenty-one feet wide, running the entire length of the main floor. That from Forty-fourth Street opens upon a transverse corridor of the same width which leads to the section of the main floor especially designed for the convenience of women customers. Entrance from the corridor of the building is through a door opening into the bond department, from where tenants of the offices above will have access to all parts of the bank without having to go outside the building.

Immediately to the right of the Fifth Avenue entrance is the space for officers. Flat-top desks and telephone booths for the exclusive use of the officers, have been installed. There are three conference rooms along the westerly side of this section. Behind the middle room are telephones and stock tickers. Farther along on the same side, between the space reserved for officers and the



The Officers' Section is Spacious and Well Lighted

transverse corridor from Forty-fourth Street, is the loan department. There are four windows on the main corridor and another on the transverse corridor. Back of the loan department are the desks of officers' stenographers and the new business department's files.

To the left of the Fifth Avenue entrance, directly across the corridor from the officers' section, is the bond department, fully equipped with desks, telephone booths, conference rooms, and stock, bond, and news tickers. As in the case of the officers' section, low carved balustrades of Hauteville marble, harmonizing with the columns between which they run, mark off this department from the main corridor. The space allotted to the department extends along the southerly side of the banking floor almost to the transverse corridor.

The corridor from the Forty-fourth Street entrance leads directly to the space reserved for the accommodation of women customers. This is separated

from the main corridor by balustrades similar to those in the front part of the building. On each side there are tellers' cages and, along the center line of the transverse, check desks. Above this space is the "corticle," or Italian Court, previously referred to, with a light and air shaft above. Here are easy chairs, writing tables, telephones and other conveniences for women. It is finished in Hauteville marble, and has a grained vaulted ceiling with a subdued stencilled pattern in color.

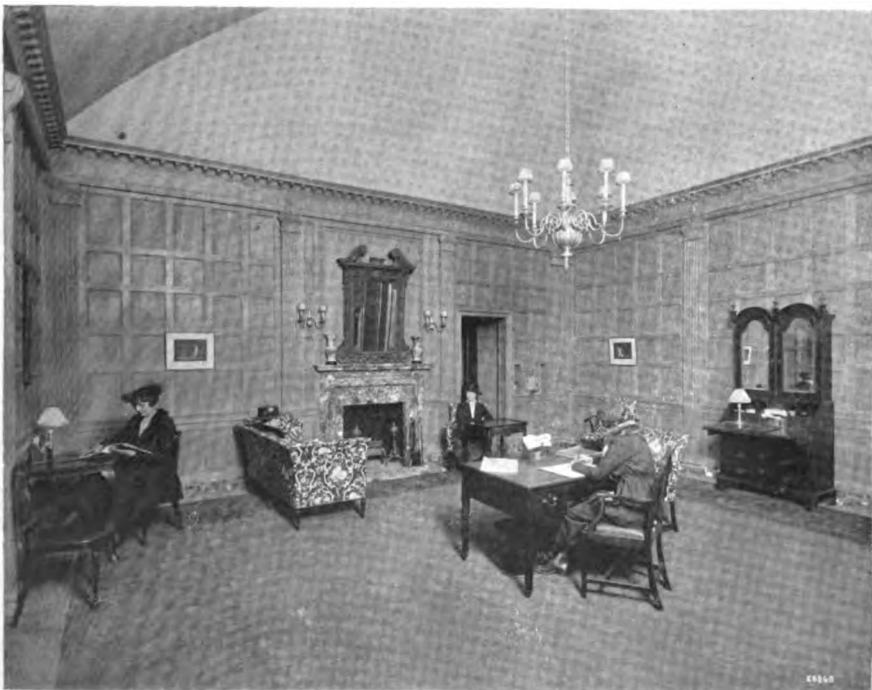
From the space under the rotunda a door leads into the reception room for ladies. This is directly opposite the Forty-fourth Street entrance. This room is paneled in antique oak, has a marble fireplace, and furnishing in the manner of the English eighteenth century. There are telephone booths just off the room. It is also equipped with a self-operating elevator to the gallery. To the right of this reception room is a retiring room.

Immediately to the right of the

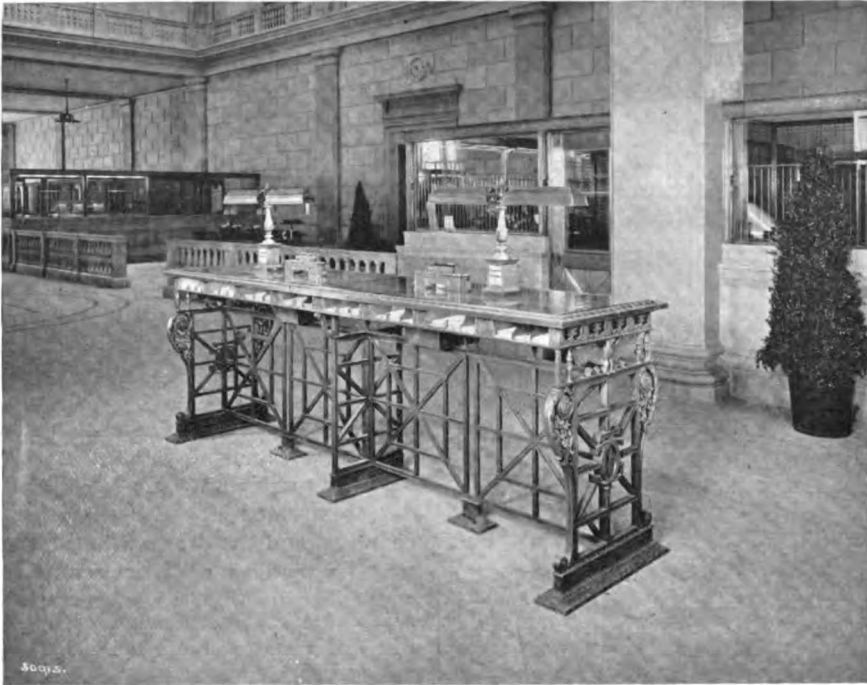
Forty-fourth Street entrance are the elevator and stairs leading to the safe deposit vaults in the basement. Forward of these, on the same side of the transverse corridor, is the trust department. Here the space for the officers opens on the main corridor. There is a conference room for consultation with each other or with customers. Down the main corridor are the four windows of the securities tellers. Directly back of these tellers are the securities and custody departments, and, alongside, the personal trust department. In front of the latter, with three windows on the main corridor, is the Liberty Loan exchange department. Adjoining the trust department is the credit department, entered by a door from the main corridor. Near the door are the pass-book and information windows. The remaining space on this northerly side of the main corridor is occupied by the foreign department, the officers' section and an adjoining conference room being at the westerly side.

On the south side of the main corridor and adjoining the women's section are the tellers' cages, with the transit department back of them. The coupon and collection departments occupy the greater part of the remaining space on this side of the banking floor. In the extreme southwestern corner of the main floor are spaces for stenographers and the general files. Along the western end of the floor there is a small corridor, off of which are the bank's private elevators.

The transit department is directly in the rear of the tellers' cages, which will greatly facilitate operations, as the tellers will merely balance their cash, all checks being turned over to the transit department. The tellers' trucks are constructed so as to fit under the counters, and the drawers in the trucks may be used as cash drawers. Each cage is equipped with a telautograph in direct communication with the book-keeping department on the second floor



Reception Room for Ladies



View of Main Lobby showing Check Desk

and with the main and Madison Avenue offices.

The vault system of the Guaranty's Fifth Avenue office comprises the safe-deposit vault in the basement and the vault for banking and storage purposes in the sub-basement. The latter is eighty-three feet long and thirty-three feet wide, and has two sections; one, thirty feet long, being reserved for the bank's own cash and securities, with separate compartments for the various banking departments; the other, fifty-three feet long, being reserved for the storage of silver, pictures, trunks, chests, or other property of customers. This end of the vault is fitted with racks running around three sides and forming sections of three compartments, each compartment providing space for at least one trunk. Just outside the entrance to this section of the vault is an examination room for the use of the customers. There is a corridor around the vault, separating it from the rest of the sub-basement. This re-

maining space is taken up by the boiler room, coal bunkers, waste paper depository, and, along the Fifth Avenue side, the archive storage rooms.

The safe-deposit vault for the public, in the basement, directly above the sub-basement vault, is of the same length and width, but is higher and of somewhat different construction. A door giving entrance to the safe deposit space from the south is for the convenience of tenants of the building, who will be able to reach it by elevator from the floors above. Entrance by other customers will be through the main door on the Forty-fourth Street side of the vault. This entrance is reached by the elevator or the stairs at the right of the Forty-fourth Street entrance to the main banking floor. At the foot of the stairs is a large foyer, separated from the control room by a steel grille. At one side of this foyer is a working space for clerks and at the other is a ladies' room.

Within the vault are the safe-deposit boxes and the coupon booths. Of the former there are 10,000 now installed with provision for 5,000 more as required. There are a hundred coupon booths. Each booth is well lighted and equipped with a cork-covered shelf with glass back and ends, and a sunken receptacle for writing materials. Each booth will also have a call bell and a plug for a portable telephone, through which communication may be established with any department of the bank or with outside parties.

The walls, floors and ceilings of the safe-deposit vaults, are made of reinforced concrete two feet thick, with three rows of reinforcing bars running vertically and diagonally and entirely surrounded by five layers of different kinds of steel. Imbedded in the walls, floors and ceilings are five and one-half miles of protective electric wiring. The vaults are heated and ventilated by a fan system, separate from the heating unit of the building. The fresh air duct

and foul air exhaust are operated by means of double fans. By a unique arrangement the ventilation system is so broken as to leave the vaults air and water tight when the doors are closed. This is accomplished through the attachment to the lowering platform of a duct which folds up inside the vault when the door is closed.

The mailing and messengers departments will also be located on the basement floor, and in addition there are lockers and washrooms for employees, besides stationery and supply rooms and space for archives.

In the rear of the building between the first and second floors is a mezzanine floor, where are located lockers for women employees and a rest-room. This mezzanine floor and the second floor may be reached by stairs or elevators from the small corridor along the extreme westerly side of the banking floor. The second floor can also be reached by stairs or elevators from the corridor of the building. At the southeast corner



Foyer of the Safe Deposit Vault

of the second floor is an office for Mr. Sabin, president of the Guaranty Trust Company. The balance of space along the Fifth Avenue side and partly along the Forty-fourth Street side on the second floor will not be used for the present. Entering this second floor from the bank's private elevators at the extreme westerly end of the building one finds to the right the telephone room and forward of this the medical department. To the left is the stencil department, a sound-proof room with windows overlooking Forty-fourth Street. A corridor runs down the center of this floor from the elevators to the gallery around the women's section of the main floor. Toward Fifth Avenue on the left, and adjoining the stencil department, are the bookkeeping and auditing departments. Across the corridor are the quarters of the bond department's outside salesmen and clerical forces, a large meeting room for the use of cus-

tomers, three conference rooms, and the Income Tax department.

The next eight floors of the building are being used for office purposes and are reached by the elevators in the corridor running along the southerly side of the building, separate from the banking floor, and reached by a separate entrance from Fifth Avenue.

The eleventh and top floor of the building, reached by the bank's elevators at the westerly end of the building, is occupied by the Guaranty. To the left of the elevator is the women's club-room. Directly opposite is the women's dining-room. Adjoining the women's clubroom is the restaurant manager's office and the storeroom, with the kitchen and refrigerator opposite. On the same side as the manager's office is the men's clubroom, with the men's dining-room directly across the corridor. Farther toward the Fifth Avenue end of the building, and on the same side, is the dining-room for officers.



“IN justice to ourselves we must be diligent and aggressive. As of vital consequence there should be the most consistent and intense spirit of co-operation between all our people, between labor and capital, employers and employes, between the state and private interests.”

JUDGE ELBERT H. GARY.





Rhode Island Hospital Trust Company, Providence, R. I.

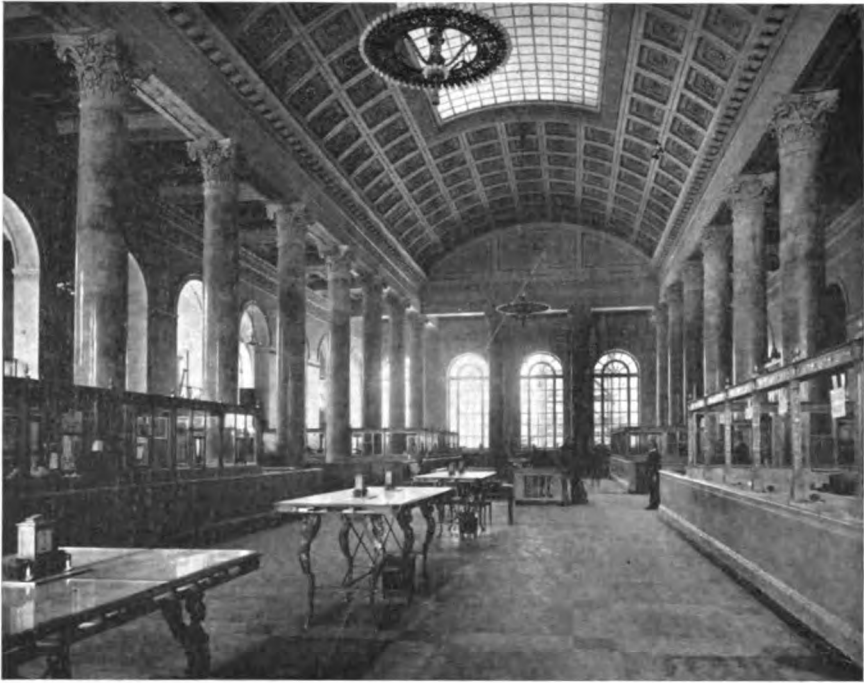
## How Conservative Methods and Good Service Built Up the Rhode Island Hospital Trust Company

**B**ACK in 1867 a group of Rhode Island's leading business men and public spirited citizens held a meeting and took the first steps towards establishing a financial institution of high credit and powerful resources. These same men had been instrumental in establishing the Rhode Island Hospital and that they might win favor to the new banking institution and at the same time render a real service to the hospital, they named this new concern, the Rhode Island Hospital Trust Company.

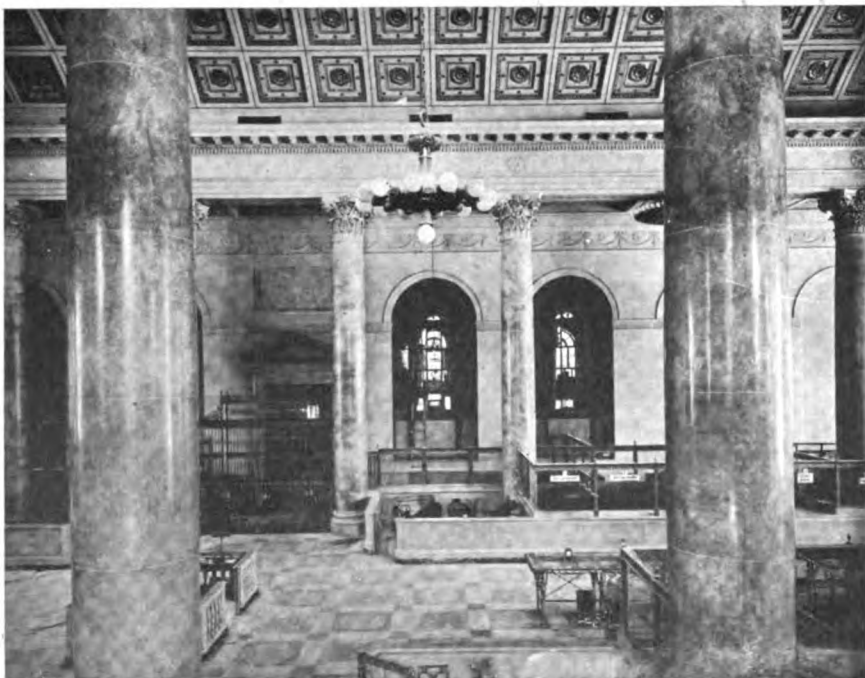
The Rhode Island Hospital benefited directly by a clause in the original charter which required the Trust Com-

pany to pay annually to the hospital one-third of all the net annual profit upon its capital stock over and above six per cent. The Rhode Island Hospital Trust Company naturally derived a great deal of indirect benefit from this plan. It offered business men and wealthy citizens an opportunity to help the hospital at absolutely no expense to themselves. The more business they did through the Rhode Island Hospital Trust Company and the more prosperous the company became the greater revenue the hospital would derive from the company.

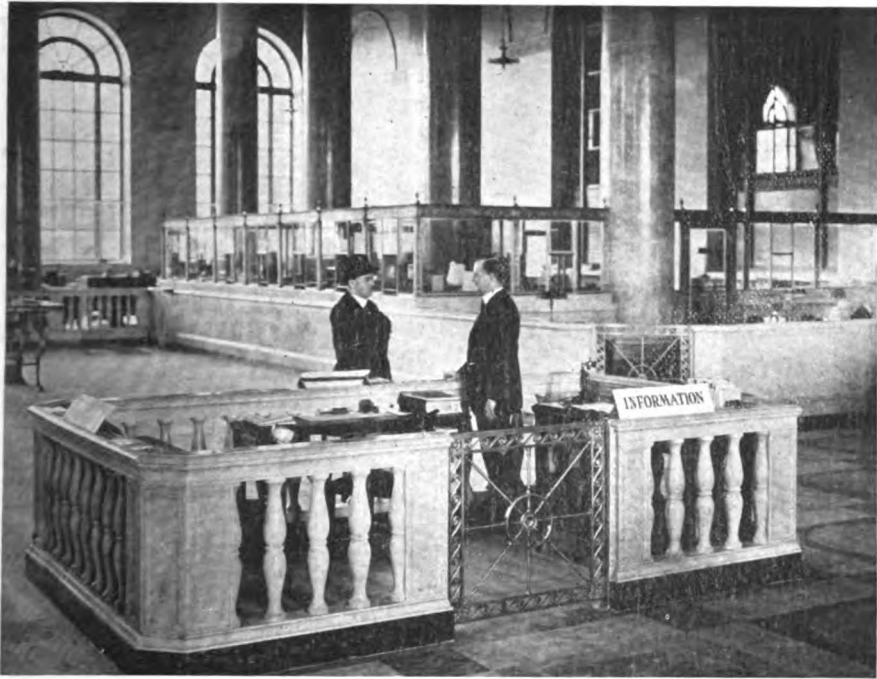
This one clause is an indication of the business acumen of the men who



View of Main Banking Room, Rhode Island Hospital Trust Co.



View of Banking Room from Mezzanine Floor, Rhode Island Hospital Trust Co.



Information Booth in centre of Banking Room, Rhode Island Hospital Trust Co.

established the company. With such a start it is only natural that the future should witness constantly increasing profits and steady and rapid growth. This clause remained in effect from January, 1868, when the trust company began business until the early eighties. By mutual consent as was provided for in the charter the provision was terminated, the hospital accepting in lieu of the annual division of profits a considerable block of stock which has since been a constant source of income.

The spirit of service that prompted this sharing of the profits with the Rhode Island Hospital was reflected in the relations with the bank's clients. The result has been that many of the first concerns to become clients of the Rhode Island Hospital Trust Company are still doing their banking business with this institution.

The moving spirit in the organization of the Rhode Island Hospital Trust Company was William Binney, who at that time was president of the Common Council of the city of Providence and

one of the leading business men of the state. At the first meeting he was elected president of the institution and the first board of directors was composed of Alfred Anthony, Truman Beckwith, Rowse Babcock, John Carter Brown, Stephen Harris, Edward King, Earl P. Mason, Edward D. Pearce, Amos D. Smith, Rufus Waterman, Henry B. Anthony, Amos C. Barstow, Ambrose E. Burnside, Zachariah Chafee, Robert H. Ives, Christopher Lippitt, Samuel M. Noyes, William S. Slater, Thomas P. Shepard, Marshall Woods and Thomas P. I. Goddard.

To a person unfamiliar with Rhode Island and its history these names may not mean much but this list includes not only the leading business men of the state, men of conservative methods and sound judgment but also the most public spirited men of the state as well. This was a board of directors that might well be expected to attract the banking business of those people who were looking for a safe institution with which to do their banking business. An



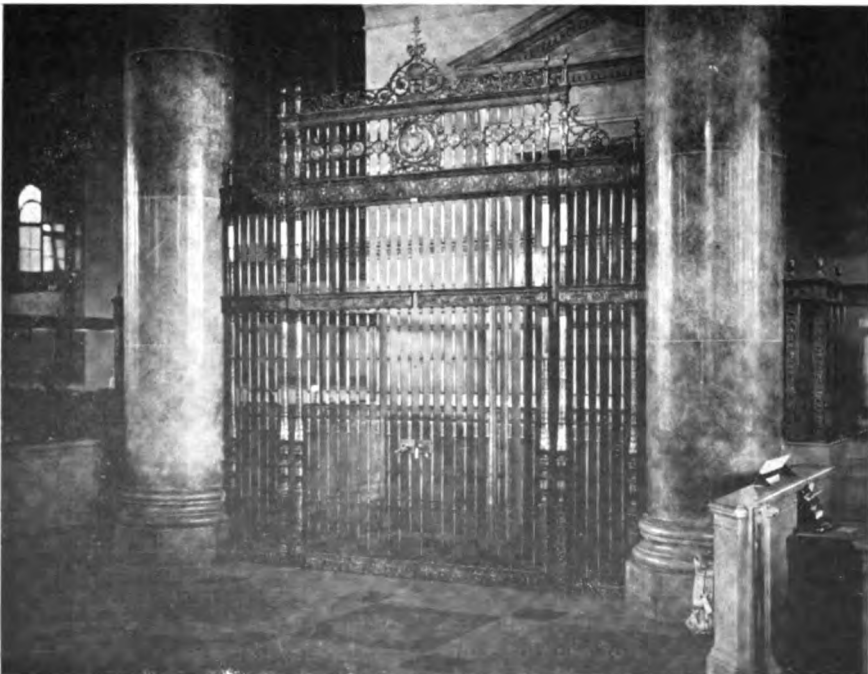
THOMAS H. WEST, JR.  
President Rhode Island Hospital Trust Co.

indication of the type of men these were is given by the fact that one of their number John Carter Brown, established

and endowed the John Carter Brown library at Brown University which contains one of the best collections of books and manuscripts on American history in the world.

The charter which the General Assembly of the State granted in May, 1867, to the Rhode Island Hospital Trust Company, authorized it to exercise all the ordinary powers of a bank except that of issuing currency. It opened its first banking rooms on the second floor of a building now standing at 37 South Main St. It began business in January of 1868 and its complete quarters consisted of a general banking room 24 by 15 feet and back of it a directors' room.

The banking force comprised the president, secretary, three tellers and five clerks to which was soon added an assistant bookkeeper, William A. Gamwell, who later became vice-president and secretary. The impressiveness of its quarters and banking force were not relied upon to inspire confidence in prospective clients as much as the in-



Bronze Gates at entrance of Banking Room, Rhode Island Hospital Trust Co.



Directors' Room, Rhode Island Hospital Trust Co.

tegrity of the board of directors. This conservative policy of holding down the overhead has also had its effect upon the profits of the company.

Within six years it was necessary to seek larger quarters so the institution was moved diagonally across the street into another building. The constant growth of the company, however, soon resulted in these quarters becoming cramped, so 17 years later in 1891 plans were made to provide permanently for the future growth of the institution. Accordingly property was purchased on Westminster Street and a building erected for its own use. It required only 12 years to make an addition to the building necessary. Land was purchased to the west and a five-story building erected. The three upper floors were rented for offices and the two lower floors used for the banking business.

It was now thought that ample provision had been made for the growth of the institution for at least 25 years. But in 15 years these were completely outgrown and plans had to be made for

more room. Additional land was acquired until the total amounted to 24,843 square feet with frontage on Westminster Street, Washington Row and Exchange Place. Plans were now made for a building that would surely be large enough and that would be the very last word in the way of a bank building.

Contracts were signed Aug. 22, 1916, for the construction of this building but the coming of the war caused delays which prevented the completion of the building before the early part of 1920, though one section was ready for occupancy in January, 1919. This building is eleven stories high and measures 174 feet from the sidewalk to the roof.

The banking room is on the ground floor and has a very high ceiling. At the highest point it is 49 feet above the floor. This makes the height of the banking room equivalent to three of the upper stories.

The building is of fire proof construction throughout with special provisions for extinguishing any fires that



Doors to Safe Deposit Vault, weight about 25 tons

might start in combustibles brought in by tenants. It has a rentable area of 107,825 square feet in addition to the space occupied for the bank business. Architecturally it is a modern adaptation of the English conception of the Italian Renaissance and is faced with Indiana lime stone.

The design and finish of the banking room is of the historic period of the Italian Renaissance. It is a little more than 182 feet long, 98 feet wide and the vaulted ceiling and the great entablature are supported by 24 immense Corinthian columns.

The color treatment includes the structural elements of the floor, columns and counter screens, the wall panels and pilasters culminating in the vaulted ceiling with its richly decorated coffers, rosettes and moldings. The general marble color is warm and "putty" gray running into buff with deeper accents of the same and occasional violet markings. This is the color scheme carried through the room, enriched with bronze and gilding and emphasized with contrasting colors of gray blue, gray green and gray violet in the ceiling panels. The moldings around these panels are gilded

with gold leaf and then lacquered to an antique tone.

Two large electroliers hanging over the central part of the room, with numerous smaller electroliers at the sides, the big skylight, and the many windows rising from near the floor to near the entablature provide perfect lighting.

Five thousand square feet are reserved for the public. In the northerly end of the room are commodious cages for the receiving and paying tellers and the savings department.

At the southerly end are the officers' rooms and the trust, discount and real estate departments. Between the columns runs a counter screen of choice marble, topped with well-modelled bronze grilles, with openings at intervals into the offices and working space beyond.

There are two public entrances, one at 15 Westminster Street, and the other at 12 Exchange Place. Both open into an arcade on the westerly side of which are nine elevators of geared traction type. Eight of these elevators are for the accommodation of the occupants of the offices. The other one is fitted for use as a safe lift, while there is an officers' elevator to give access to the suite of rooms on the second floor and a coin lift from the banking rooms to the cash



Doors to Safe Deposit Vault open showing extreme thickness

vault in the basement. For the convenience of those who send or take trunks from the bank there is a separate lift near the Exchange Place entrance.

The elevators run at the rate of 450 feet a minute and have all modern safety devices. The doors of the elevators were cast by the Gorham Manufacturing Company after a special design by the architects of the building, York & Sawyer of New York.

There are two entrances to the banking room, one on Washington Row and the other leading from the Arcade.

The safe deposit vault is one of the largest in the country and the strongest in New England. It is said that there is but one other vault in the United States that exceeds it in size.

It is located in the basement and built separate and apart from the construction of the building. It rests upon its own heavy foundation and on lateral piers so placed as to provide wide spaces through which by means of inclined mirrors and an electric lighting system located below the floor line, the entire bottom of the vault can be seen through observation tunnels 54 feet long.

The vault is open to complete observation on all its six sides to guard against any attack being made upon it without immediate detection.

The interior dimensions of this vault are 45 feet 10 inches long, 28 feet one inch wide and nine feet and nearly five inches high. The walls are constructed of an inner lining 3½ inches in thickness built up of low carbon steel, five-ply welded steel, hard steel, and a cast copper and iron layer so designed and constructed as to provide the greatest resistance against shock, steel-cutting tools, and the oxy-acetylene cutting flame.

Interlocking members and overlapping sections make the vault walls as nearly as possible a solid mass and this lining is surrounded by a special concrete poured directly against it. The concrete mixture used is one that has been found to offer the greatest resistance to the Blau-gas torch.

The walls are re-enforced with double rows of heavy, standard steel

railroad rails and the top is further re-enforced with 20-inch "I" beams to furnish resistance to falling building walls.

The two entrances to the vaults are guarded by delicately balanced doors, two and one-half feet thick, each weighing 25 tons and carried on 22 ton frames. The vault is also guarded by electrically operated burglar alarms.

The vault has a capacity of 10,000 safe deposit boxes and over 7,000 have already been installed. Its lighting system is controlled by switches under lock and key, there is a secondary system which is automatically turned on in case of accident to the primary system and an emergency storage battery system. In case a clerk is locked in the vault, electrical apparatus enables him to trip the dogs on the time lock after which he can telephone to an officer to come and unlock the door.

The general policy of the Rhode Island Hospital Trust Company has been a combination of conservative and progressive management. Throughout its history it has been quick to adopt new methods that at the same time are safe and conservative. Up until the new building was well under way it was not a very great user of advertising. With the completion of the building, it began to use larger newspaper space than any other bank in the city, to publish and distribute booklets regarding its activities and to use letters liberally for the purpose of building up the banking business. It was expected when this building was planned that these new and commodious quarters would be ample for a great many years to come, but the way in which business is already being developed indicates that history is once more likely to repeat itself and that even these ample quarters will become too small for the business in much shorter time than one would expect.

The Rhode Island Hospital Trust Company is the oldest trust company in New England. It has experienced a consistent, steady growth throughout its history. It has weathered many financial disturbances and is a monument to the safe and conservative yet progressive policies of the founders.



The Bank of United States, New York City  
Fifth Avenue at 32nd Street

## The Bank of United States

**T**HE Bank of United States, New York, which to-day has resources of over \$32,000,000, has shown a rapid and consistent growth since its incorporation in 1913.

Joseph S. Marcus, the founder, first entered the banking business in 1907, having previously been a successful merchant. He first did business as a private banker but in 1908 he incorporated under the name of the Public Bank. This bank is now known as the Public National Bank and to-day has resources of over eighty million dollars. In 1912 Mr. Marcus sold his interests in the Public Bank and in 1913 incorporated the Bank of United States, with a capital of \$100,000, and a surplus of \$50,000.

In the first twenty days of its existence the bank received over \$1,000,000 in deposits, and in 1914 the capital was increased to \$200,000 and a branch was opened at Madison Avenue and 116th Street. The original office of the bank was at 77 Delancey Street. During the next two years the bank enjoyed steady progress and develop-

ment and in 1918 had resources of over six million. At this time capital was increased to \$1,000,000 and surplus to \$250,000 and the main office was moved to Fifth Avenue and 32nd Street. The



Entrance to the Bank





JOSEPH S. MARCUS  
President



BERNARD K. MARCUS  
Vice-President

former main office at 77 Delancey Street was continued as the Delancey Branch.

The main office was opened on January 15, 1919. On the first day deposits of over \$1,000,000 were received and in 90 days this figure was increased to \$5,000,000. Since the opening of the main office resources have increased from over seven million to over thirty-two million of which twenty-seven million are deposits.

When the capital was increased to \$1,000,000 the direct and indirect affiliations of the bank represented interests amounting in the neighborhood of \$300,000,000. Among the directors elected

at that time were: I. Gilman, of I. Gilman & Co., paper manufacturers; George L. Storm, chairman of the board of the American Safety Razor Corporation; J. L. Hoffman, vice-president of the Tobacco Products Corporation and of the American Safety Razor Corporation; George C. Van Tuyl, Jr., at that time president of the Metropolitan Trust Company; I. L. Phillips, president Phillips-Jones Corporation; Stephen Stephano, of Stephano Bros., manufacturers of Rameses cigarettes.

The operation of recapitalization which resulted in the creation of the exceptionally strong directorate just



HENRY MECKAUER  
Vice-President



C. A. HORNE  
Vice-President



Bond Department



General View of Officers' Quarters



L. K. HYDE  
Cashier



E. R. McELRATH  
Assistant Cashier



H. J. RASENER  
Assistant Cashier



P. F. W. AHRENS  
Manager Foreign Dep't.

mentioned, was the result of the efforts of the vice-president, Bernard K. Marcus.

Mr. Marcus is a graduate of Columbia University, where he specialized in economics and the theory of banking and finance, training which has been of great value to him in his work since graduation. He holds a B. A. and M. A. degree from Columbia and also took a law course in Columbia Law School. Mr. Marcus began his banking career at the age of 23 when he was made cashier of the Bank of United States. When the recapitalization took place he was made executive vice-president and to-day at thirty he is said to be one of the most able of the younger bank executives of the country.

The executive organization of the

bank has been very carefully worked out with the plan of assigning to each officer the work for which he is best fitted.

In charge of system and audits and the machinery of the bank's routine operations is Vice-President Charles A. Horne. Mr. Horne was born in Albany, and received his banking training in the New York State National Bank under Ledyard Cogswell, starting as messenger. He resigned his position of chief clerk in the above bank in May, 1909, and accepted the position of bank examiner in the Banking Department, State of New York, and was assigned to the metropolitan district. He was in charge of the liquidation of the Northern Bank for a period of four and one-half years. He resigned as examiner



O. I. PILAT  
Credit Manager



A. W. AHRENS  
Manager Harlem Branch



BENJAMIN COHEN  
Manager Delancey Branch



A. H. PLANTERATH  
Ass't. Credit Manager



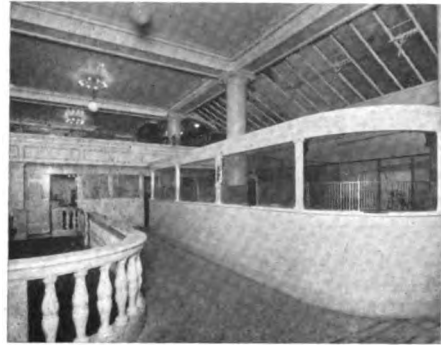
Women's Department



Board of Directors' Room



Office of B. K. Marcus, Vice-President



View Main Banking Room

in July, 1919, to accept the position of vice-president of the Bank of United States.

He is assisted by Louis K. Hyde, cashier, who was a branch manager of the Greenwich Bank, New York. Mr. Hyde has had fifteen years practical banking experience, having started as bank messenger in the New York Produce Exchange Bank.

The next in line in this particular department of the work is Herbert Yeates, auditor, who was formerly as-

sistant auditor of the American Exchange National Bank.

In charge of loans is Vice-President Henry Meckauer. Mr. Meckauer was formerly director of the Metropolitan Bank. He has served on all the committees of the National Credit Men's Association, and has been director of the Creditors Audit and Adjustment Association. He has been very active as receiver and trustee in bankruptcies, and has been a most persistent fighter against fraudulent bankruptcies, having



Teller's Screen in Women's Department



Main Corridor, Looking Toward Entrance

been instrumental in sending several such to jail. He is, consequently, unusually well-informed and experienced in credit conditions, especially in the textile trades.

He is assisted by Edward Ross McElrath, who is an assistant cashier and was formerly connected with the Bank of the Manhattan Company. His first banking experience was with the Manhattan Trust Co., at 20 Wall street, and the Standard Trust Co., 25 Broad street, remaining with these two trust companies for five years. He left the Standard Trust Co. to go as credit man with the American Woolen Co., where he remained twelve years. In 1916 he went abroad as European representative for the Barrett Co. for three years, where he traveled extensively in France, Spain, Portugal and England, after which he became credit manager for the Bank of the Manhattan Company.

In this same department is the credit manager, Oliver I. Pilat, who was formerly assistant cashier of the National Bank of Commerce. Mr. Pilat started as a messenger with the Fifth Avenue Bank in 1890, and finally became credit man. He left there in 1902 to go with the Western National Bank and when this bank was absorbed by the National Bank of Commerce, he remained with the latter institution. He became associated with the Bank of United States as credit manager in 1919.

A. H. Planterath, assistant credit manager, was born in New York and was formerly in the credit department of the Union Exchange National Bank. During the war he served in the Navy. After his discharge he returned to the Union Exchange National Bank, but left shortly after to become associated with the Bank of United States.

H. J. Rasener, assistant cashier, started his banking career with the Mutual Alliance Trust Company in 1906. In 1912, when this company was amalgamated with the Century Bank, he continued in the credit department. In 1914 the Century Bank amalgamated with the Chatham & Phenix National Bank, and he continued in the same de-

partment. In 1919 he resigned this position to become assistant cashier in the Bank of United States.

The manager of the Delancey Branch is Benjamin Cohen. Mr. Cohen was born in New York. From 1887 to 1914 he was employed both in the clothing and cloak industries in the bookkeeping, managing and credit departments. Mr. Cohen entered the employ of the Bank of United States in 1914, since which time he has been in the credit department and later as manager of the Delancey Branch.

The Harlem Branch is in charge of A. W. Ahrens. Mr. Ahrens was born in Warsaw, Poland, where he was educated and where he served as assistant teller and assistant credit man of the Russian Imperial Bank, until 1906, when he resigned to come to the United States. He was first associated with A. L. Kass and later with the private banking house of Joseph S. Marcus. In 1914 he came with the Bank of United States, where he was manager of the foreign department until 1918, when he became manager of the Madison Avenue and 116th Street Branch.

The foreign department is under the direction of P. F. W. Ahrens, who was formerly assistant manager of the foreign department of the National Bank of Commerce of New York. Mr. Ahrens is a resident of New York and well known in foreign exchange circles. He acquired his banking experience with the old foreign banking firm of Kessler & Company, and later assumed charge of the foreign department of the United States Express Company. When that company dissolved, he entered the National Bank of Commerce in 1914, having supervision of the commercial letter of credit department covering both the import and export credits.

The foreign department is very well organized and is equipped to handle foreign business of every kind. The department makes a feature of handling the foreign exchange business of American correspondent banks that are not in a position to act directly for themselves.

The bank also has a bond department and a well equipped ladies' department,

which is of special importance, on account of the bank's location on Fifth Avenue in the heart of the shopping district.

The Fifth Avenue quarters have recently been remodeled and doubled in size as it was found that owing to the greatly increased business of the bank more room would have to be provided. Most of the new space has been devoted to officers' quarters which was found necessary in order to provide for the comfort and convenience of the bank's clients. Additional space was also provided for the discount and loan cages, letter of credit division, foreign exchange department and the directors' room, which is equipped with a kitchenette so that meals may be served at directors' meetings on rainy days when it is inconvenient to adjourn to a neighboring hotel.

On March 10 last, the capital was increased to \$1,500,000 and the surplus fund from \$250,000 to \$300,000. This together with undivided profits of over \$300,000 gives a combined figure of over \$2,100,000.

The bank employs a clerical force of over 250. Working conditions are exceedingly good, all working spaces being well ventilated and lighted and free from noise and distraction. An interesting feature of the bank's routine operations is the daily officers' meeting at which problems are discussed, difficulties solved, and complete harmony and co-ordination assured. Perhaps it is this spirit of careful attention to the matters of organization and management which has contributed, more than any other factor, to the remarkable development of this bank during the seven years of its existence.



## Troubles of the Credit Department

**E**VIDENTLY the loan interest clerk's lot is not altogether a happy one these days, judging from the "Idle Thoughts of a Loan Interest Clerk," written by J. C. Lipman, assistant manager of the credit department, in a recent issue of "Bankitalyife," the very interesting house organ of the Bank of Italy of San Francisco, Cal. Here are Mr. Lipman's thoughts:

Oh, for a return to the good old days when the *Interest Account* only was credited and the payment went into the cash drawer!

Now the interest accounts are so numerous and varied as to titles, that I am like a high trapeze circus acrobat.

With him, though, one mistake and his career is closed.

When an interest payment is made on a

doubtful loan, I now credit it to *Reserve for Unexpected Interest*.

Interest received on a discounted note is credited to "*Accrued Interest Unwillingly Paid*."

Should the discount be paid before maturity, the interest refunded is debited to "*Interest Rebated under Protest*."

Oh, boy, this is a free country and here I am debating what to do with each dollar of interest received!

Here comes an inspector pussy-footing it my way.

I hope his proof from the notes of the *Accrued Interest Undeserved* will agree with balance on my chart.

Whew! \$12,832.46 off; well, it is almost a physical impossibility to check it out.

I'll accept his figures and start a new sheet.

Why didn't I join the forces of unskilled labor before banking changed from an art to a science?

# Webster and Atlas National Bank of Boston



**F**EW banking rooms create a more accurate impression of the spirit of the institution than does the new home of the Webster and Atlas National Bank of Boston. Conservatism and "hominess" are felt immediately the doors are passed. And to carry out the home atmosphere of New England, there is a quiet courtesy extended which, even to the casual visitor, is impressive.

When Amory Eliot, president, and Raymond B. Cox, vice-president, assumed those positions in 1914, they instituted a policy combining all the conservatism for which the bank had been known for many years in Boston with modern, progressive methods. When the time came to build a new banking home it was decided to incorporate these policies, as nearly as possible, into the architecture of the building.

Thomas M. James, the architect, fulfilled the spirit of his commission admirably. All the pretentiousness of bronze and marble seen in so many banks is absent. In its place is dark oak, restful to the eye. The same material is utilized throughout, even to the desks and counter space.

If it is true that conservatism looks backward, several physical features of this bank should prove its appreciation of the past. In the customers' room, with windows facing the historic State House, are fire place, easy chairs and a table, the latter a replica of the old English tavern tables, even to the cracks and worm holes in its surface and the worn base board used as a foot rest. A grandfather's clock placed in

the room is the master clock governing others in the bank by electricity.

A portrait in oil of Daniel Webster hangs over the fire place. The Webster and Atlas National Bank is a consolidation of the National Webster Bank, founded by friends of Daniel Webster to perpetuate his name, and the Atlas National Bank. The former was founded in 1853. Prominent citizens of Boston founded the Atlas National Bank in 1833, choosing the name Atlas to symbolize strength. The consolidation was made in 1904.

The officers of this institution are easy to meet and talk to. Their desks are in plain view of the lobby instead of being behind private office partitions. Emphasis is laid on personal service. The bank literature states that "the officers can and do keep in close personal touch with all the details of the bank and with each depositor, a combination rarely found in a bank of this strength and standing." An official stands near



Doorway of Webster and Atlas National Bank, Boston, Mass.





**AMORY ELIOT**  
 President Webster and Atlas National Bank

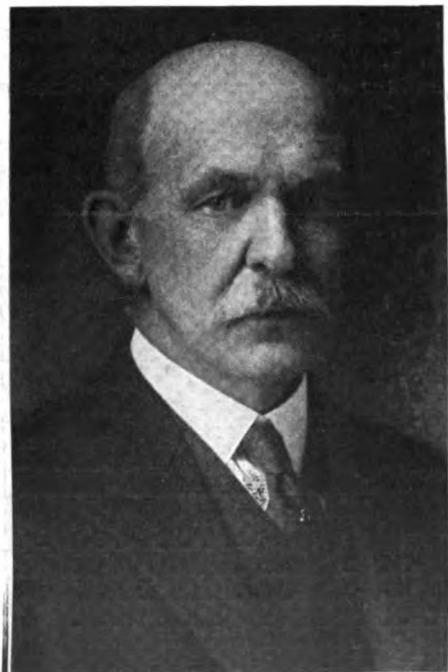
the door to answer questions and to furnish directions.

Mr. Eliot, the president, is of the distinguished New England family of that name and is one of the best informed men in the financial district of Boston. He is prominently identified with the financial and real estate interests of the city through his activities as a private trustee. He devotes the major part of his time to these interests, handling a very large business. He became a director in the Webster and Atlas National Bank in 1906 and was elected president in 1914 upon the death of his predecessor, John P. Lyman. Mr. Eliot was graduated from Harvard University in 1877 and from the Harvard Law School in 1879. He is a trustee of the Suffolk Savings Bank and is on the boards of many other organizations.

Raymond B. Cox, senior vice-president, was called to the Webster and Atlas National Bank in 1914, from the Fourth National Bank of New York. He was born in Maryland in 1883, and



**RAYMOND B. COX** :  
 Vice-President



**JOSEPH L. FOSTER**  
 Vice-President and Cashier



Officers' Quarters

began his banking career in Baltimore in 1902. For several years he was auditor of the First National Bank of

Baltimore and in 1912 became assistant cashier of the Fourth National Bank of New York, going from there to his present position.

Mr. Cox formerly was active in the American Institute of Banking, serving as its national president in 1911 and 1912. Added to his responsibilities are a trusteeship in the Warren Institution for Savings in Boston and participation in banking and credit organizations.

The Webster and Atlas National Bank has grown rapidly since Mr. Eliot and Mr. Cox assumed their present positions. In 1914 the bank's deposits averaged about \$4,500,000 and the undivided profits about \$250,000. Deposits now average about \$12,000,000 and the undivided profits are more than \$750,000.

E. M. Howland was elected a vice-president in 1919. He formerly was New England manager of the commercial paper house of Hathaway, Smith, Folds & Company. This experience furnished him with an intimate knowledge of New England business



View of Banking Lobby



View of Customers' Room

enterprises and their financial condition.

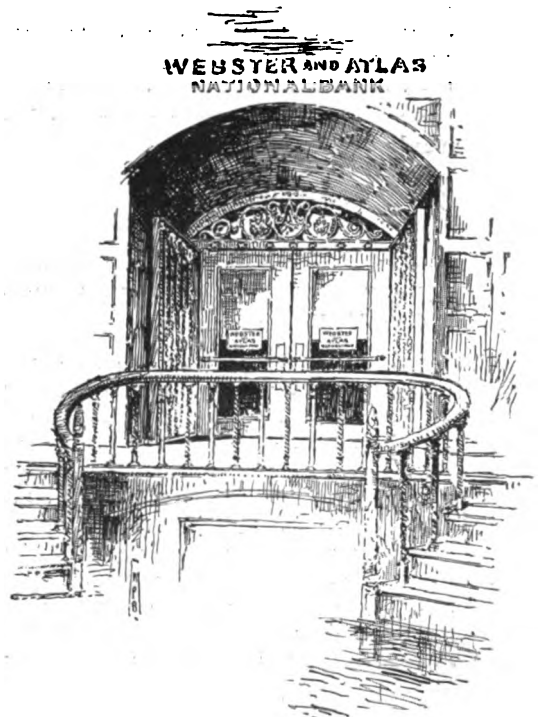
Two of the officers, Joseph L. Foster, vice-president and cashier, and Robert E. Hill, assistant cashier, have been with the bank more than forty years, Mr. Foster since 1872 and Mr. Hill since 1876. Other officers are Frank B. Butts, Arthur W. Lane and Harold A. Yeames, assistant cashiers.

The directorate, comprising names known well in Boston business and and financial affairs, includes Charles B. Barnes, Joseph S. Bigelow, Fessenden S. Blanchard, Theodore G. Bremer, William R. Cordingley, Raymond B. Cox, Amory Eliot, Roger Ernst, John W. Farwell, Granville E. Foss, Robert H. Gardiner, Edward W. Grew, Oliver Hall, Walter Hunnewell, Homer B. Richardson, Dudley P. Rogers, Thomas W. Thacher and Walter Tufts.

The bank occupies practically the entire first floor of the Sears Building, at Washington and Court Streets. The banking room is reached from Washington Street by a large vestibule with circular staircases at each side. There is a great wrought-steel door gate, a striking piece of workmanship, set in a frame of wrought steel bearing the bank's monogram at the top.

Inside, the public space extends from the officers' quarters on the south side to the Court Street side on the north and down that side for the length of the room. Sixteen "cage" windows are provided in the counter space of deeply-paneled fumed oak surmounted by wrought-iron grille work and glass.

A noteworthy piece of engineering was accomplished in order to eliminate supporting columns and increase the open space. Steel girders were set in place in the vaulted ceiling, these carrying the heavy load of the upper floors of the building. The oak finish is carried eight feet above the floor. The floor is of travertine, a volcanic rock

Entrance Stairway  
Digitized by Google

quarried in Italy and treated in a similar manner to marble.

The counter space is illuminated with bank screen or linolite reflector which is invisible to the public but which lights the counters and cages. The large vault is at the rear of the cages and is protected by the latest appliances and a twelve-inch steel door.

The employees are well cared for in rooms at the rear on the left side of the building. The directors' room also is at the rear.

A proof of the progressiveness of this institution is found in the recent establishment of a foreign department under the supervision of George C. Finehout. This is known as the foreign banking and trade department. Mr. Finehout for ten years was with the American Express Company in New York, being in charge of the commercial credit division of that company when he was called to take charge of the work at the Webster and Atlas National Bank.



## Book Reviews

### THE AMENITIES OF BOOK COLLECTING.

By A. Edward Newton, Boston: Atlantic Monthly Press.

Book collectors everywhere, amateur and professional, have welcomed this delightful book. So non-technically and interestingly written is it that it will undoubtedly start many in the pleasant paths of book collecting. Mr. Newton's writings on books in the Atlantic Monthly have been widely read and have created a demand for more of the same sort from one who writes so humanly on the subject.



### OUR ECONOMIC AND OTHER PROBLEMS.

By Otto H. Kahn, New York City: Geo. H. Doran Company.

Mr. Kahn makes a brilliant contribution to the problem of setting the world on its feet financially. He discusses the railroads constructively, exposes the fallacies of an ill-designed taxation and lays bare the fundamentals of our economic structure.

Mr. Kahn occupies an international position in the world of finance and speaks with authority that is based on wide practical experience. He attacks in vigorous fashion the fundamental economic influences which have been factors in creating the existing railroad

conditions. He traces the history of railroads from the time of the modern era of railroad regulation and rate control by commissions during President Roosevelt's second administration, with the enactment of the Hepburn Bill, through the introduction of the Taft railroad bill on down to the present time.

A part of the book is given over to a discussion of the war and foreign relations, and observations on art in America.



WHAT HAPPENED TO EUROPE. By Frank A. Vanderlip. New York City: The Macmillan Company.

This book was written by Mr. Vanderlip following his visit to Europe last year to study financial conditions. It is a very entertaining description of post-war conditions in Europe. Actual facts are interestingly and conscientiously told, acquainting Americans with the present European conditions. Mr. Vanderlip met while in Europe the ministers of finance of the important countries, beside many others in a position to know conditions on the Continent, and he has given in his book an insight into what the future has in store for Americans to relieve the distress of Europe and to profit through our service to that continent.

# Banking and Financial Notes

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION

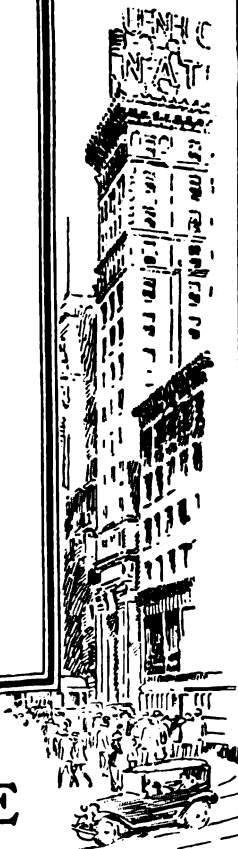
**T**HIS bank takes pride in the close relationships which exist between it and its banking correspondents.

It is service that counts—and the best service is that which is founded upon understanding of particular needs, and courtesy in supplying them.

We invite correspondence from banks and bankers in regard to Cleveland accounts.

This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

**UNION COMMERCE**  
*National Bank*  
OF CLEVELAND





AARON BURR, Esqr



ALEXANDER HAMILTON, Esqr

To these commanding figures of the early Republic was due the splendid foundation-work for the continuous success of the Bank of the Manhattan Company, during its career of over a century. \ Aaron Burr, fated to be judged by circumstances rather than by achievements, was among the most brilliant men of his time. \ His fight in New York Legislature to secure a charter for the Manhattan Company, brought the City of New York vastly increased banking facilities, together with its first competent water supply. A grandson of the famous Jonathan Edwards, Burr took high rank at the Bar, served his country in the Revolution, and was Vice-President under Jefferson. \ In 1803, Alexander Hamilton, the most prominent lawyer of the day, drew up the Articles of Association of the Merchants' Bank (*now merged into the great Bank of the Manhattan Company*). \ This contribution to the cause of sound banking is typical of a life devoted to public service. He was a Lieutenant-Colonel on Washington's staff in the Revolution, created in great measure the Federal Constitution, and became the first and most notable Secretary of the Treasury.

## Bank of the Manhattan Company

Established 1799

40 Wall Street

UPTOWN OFFICE:—31 Union Square, New York  
OFFICES IN QUEENS BOROUGH:—Jamaica, Flushing, Long Island City,  
Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point,  
Woodhaven, Ridgewood, Fresh Pond

STEPHEN BAKER, *Pres.*      RAYMOND E. JONES, *First Vice-Pres.*

JAMES McNEIL, *Vice-President*

P. A. ROWLEY, *Vice-President*

B. D. FORSTER, *Vice-President*

D. H. PIERSON, *Vice-President*

HARRY T. HALL, *Vice-President*

FRANK L. HILTON, *Vice-President*

EDWIN S. LAFFEY, *Vice-President*

V. W. SMITH, *Vice-President*

JOHN STEWART BAKER, *Vice-President*

O. E. PAYNTER, *Cashier*

W. F. MOORE, *Ass't Cashier*

W. A. RUSH, *Ass't Cashier*

I. S. GREGORY, *Ass't Cashier*

GEO. S. DOWNING, *Ass't Cashier*

H. M. BUCKLIN, *Ass't Cashier*

E. S. MACDONALD, *Ass't Cashier*

O. G. ALEXANDER, *Ass't Cashier*

CAPITAL, \$5,000,000 — SURPLUS and UNDIVIDED PROFITS, \$16,146,494.20

# Review of the Month

## Trade Conditions Throughout the Nation as Compiled for the Federal Reserve Bulletin

**C**ONSIDERABLE variation in business conditions, taking the country as a whole, is reported by Federal Reserve Agents. In agricultural production there is a perceptible improvement in prospects, due to seasonable weather, good distribution of moisture, and the replanting of crops. In manufacturing, conditions are in some districts reported as chaotic, ranging from extreme optimism to equally extreme pessimism. The railroad situation has been somewhat improved, but as yet not sufficiently to warrant a belief that the effects of the breakdown have been overcome. There is still great congestion of goods. In retail trade there is evidence of a decreased volume of demand in many parts of the country, although some of this decline is seasonal. Quite generally there is a tendency to settle down to a readjustment basis and to proceed with business upon the new level of prices and demand. Control of credit and discrimination between non-essential and speculative borrowing is producing some results, although these are reported as developing themselves slowly and gradually. The present price situation is unsettled, and is being closely watched. While some price-reporting agencies show a reduction, others, including among them the Bureau of Labor Statistics, show increases in prices, due perhaps to the different character of the commodities used in making up index numbers and the methods of construction, rather than a discrepancy in prices themselves. Food-stuffs and essential commodities except clothing and shoes, show little indication of reduction; luxuries and "unessentials" have been in many lines distinctly cut. Business is passing through a period of readjustment and, in many directions, of depression. There is, however, every indication that this transition period will not last long—indeed, that the turn toward new conditions has already been taken.

In District No. 1 (Boston) the outstanding features of the situation have been more spectacular during May than at any time since the armistice, for the forces which have been operating to produce liquidation of commodities have culminated in an unmistakable manner. Cancellation of orders has been an important factor while price reductions, although not believed permanent, have been important.

In District No. 2 (New York) speculation has been depressed, although the bond market has been more firmly supported than for some months past. Exporters report a softening in the foreign demand for American products. Immigration is increasing, prices have fallen in some lines quite decidedly and retail trade has been stimulated by recent reductions. Building continues inadequate.

In District No. 3 (Philadelphia) "the industrial situation is marked by the same adverse tendencies which were factors last month. \* \* \* Decreases in the amount of orders received for iron and steel are held to be due to the greater concentration of attention on orders which have already been placed. A very slight improvement in transportation conditions had been reported during the first few weeks in June, but this improvement was not great enough to be of any real assistance to manufacturers. \* \* \* The past few months have been marked by slowing up of collections in many of the more important lines of business."

In District No. 4 (Cleveland) "conditions are somewhat chaotic in the manufacturing field. \* \* \* Complaint of car shortage is general. \* \* \* Makers of goods who depend for raw materials upon the metal trades report that steel was never so difficult to obtain as now. \* \* \* Throughout almost the entire manufacturing field is found a marked increase in the productivity of labor." Cancellations of orders are frequent in various lines, particularly those connected with building.

In District No. 5 (Richmond) "the breakdown of the traffic system and the wave of price-cutting in retail stores were the outstanding features. \* \* \* The inability of the railroads to furnish cars \* \* \* and the further freezing of credits have been the chief elements in keeping prices high. The widespread protest against high prices has had an unsettling effect in all lines of trade."

In District No. 6 (Atlanta) there is a tendency on the part of the public to refuse to pay exorbitant prices, and "while the volume of retail trade is large, there has been quite a subsiding of the rush caused by the announcement of price reductions. There is, on the whole, no uneasiness concerning the future of business and industry.

It is becoming more and more apparent, however, that the process of deflation has begun."

In District No. 7 (Chicago) discrimination against unessential and speculative borrowing, and reduction in the volume of commodities offered for shipment, are operating to relieve the credit strain. Saving accounts are growing. Much money is still tied up in inventories, but there is some indication of decided improvement in conditions.

In District No. 8 (St. Louis) "business \* \* \* has not slackened its recent pace of tremendous activity. \* \* \* Agricultural prospects \* \* \* have bettered in an astonishing degree. Retail business has been stimulated. \* \* \* Deliveries and shipments have been more efficient although still vastly under normal. \* \* \* Apprehensions felt in financial circles a few weeks back have largely disappeared."

In District No. 9 (Minneapolis) crop progress during the month has been excellent. The feeling among business men generally "is of a steadier and more hopeful nature than thirty days ago. \* \* \* The decline in prices has been sustained in such lines as shoes, silks, and ready-to-wear goods. Traffic conditions, however, show very little improvement." Car shortage has become a serious menace."

In District No. 10 (Kansas City) the tide of depression existing for a short time recently seems to have abated to an appreciable extent." \* \* \* However, transportation facilities "are lamentably inadequate," and as a result "there is an added strain to the already greatly expanded credits, a slackening of industrial effort, and a prolongation of inflated prices of foods and commodities." The industrial situation, however, "is somewhat easier than it has been for several months." Shortage of cars is, however, "still a disturbing factor."

In District No. 11 (Dallas) changes in agricultural and commercial conditions "have not been very noticeable. \* \* \* Agricultural prospects have slightly improved. \* \* \* In mercantile lines there is continued evidence of a decreased volume, both retail and wholesale." In wholesale trade, moreover, "cancellations are quite numerous and buying is upon a very conservative basis." Effort to obtain greater production has had a fair measure of success.

In District No. 12 (San Francisco) the condition of crops is practically unchanged, but range conditions are improved. Shortage of cars is still causing congestion. Re-

tail business has, however, increased and the labor situation has improved somewhat.

Possibly the most encouraging factor reported during the month has been the advance in condition of seasonal crops. From District No. 9 (Minneapolis) it is reported that rains have been widespread and the dry sections in Montana and western North Dakota have received adequate moisture, while the wheat crop, although with a somewhat reduced acreage, shows an excellent stand. The flax outlook is promising, corn shows a large acreage, there is a satisfactory grass and forage outlook, and the cutting of alfalfa will be heavy. The wheat situation in District No. 10 (Kansas City) is likewise reported very much better. Winter wheat made remarkable improvement in May and there is promise of a much larger yield than was predicted at the beginning of the month. In Kansas the wheat crop may be the third best in the history of the State. Spring wheat is also reported as very fine with a yield about normal, in spite of reduced acreage. Corn is showing encouraging progress, with increased acreage, and small gains are in good condition and with acreage about normal. The Pacific Coast crops show excellent promise, production of oats being expected to run higher than in 1919. There has been a falling off in barley in California, but the fruit crop is expected to equal, or perhaps exceed, in most cases the yield of 1919. There has been a drop in prunes, cherries and apples. Range conditions are excellent. The worst situation is seen in cotton. From District No. 6 (Atlanta) it appears that the poor conditions already reported by the Government have been but little improved and that not only will the acreage be small, but the yield per acre in many sections will be low. There was, however, improvement during the first two weeks in June. In District No. 11 (Dallas) heavy rains have interfered with the planting of cotton in some sections and the acreage will be smaller than expected. This is partly offset by favorable conditions in New Mexico and Arizona and by replanting in southern Oklahoma. In the middle west (District No. 7) agricultural conditions are generally considered favorable, and while corn planting was late the plant was growing rapidly and soil conditions are propitious. Large stocks of all agricultural products are still being carried on farms and some authorities in various parts of the country advise the storing of grain as the new crop is produced.

May witnessed the termination of Govern-



# The Chemical National Bank of New York

FOUNDED 1824

Capital . . . . .	\$ 4,500,000
Surplus and Profits . . . . .	14,500,000
Total Resources . . . . .	225,000,000

## OFFICERS

HERBERT K. TWITCHELL, Chairman of Board	
PERCY H. JOHNSTON, President	EDWIN S. SCHENCK, First Vice-Pres.
FRANK K. HOUSTON, Vice-President	JOHN G. SCHMELZEL, Asst. Cashier
FRANCIS HALPIN, Vice-President	JOHN B. DODD, Asst. Cashier
ISAAC B. HOPPER, Vice-President	SAMUEL T. JONES, Asst. Cashier
CLIFFORD P. HUNT, Vice-President	CLIFFORD R. DUNHAM, Asst. Cashier
JESSE M. SMITH, Vice-President	SAMUEL SHAW, JR., Asst. Cashier
EDWARD H. SMITH, Vice-President	ROBERT D. SCOTT, Asst. Cashier
ALBION K. CHAPMAN, Cashier	WILBUR F. CROOK, Asst. Cashier
EDWIN GIBBS, Trust Officer	N. BAXTER JACKSON, Asst. Cashier
JAMES L. PARSON, Assistant Cashier	ROBERT B. RAYMOND, Mgr. Fgn. Dept.
JAMES McALLISTER, Assistant Cashier	ERNEST J. WATERMAN, Asst. Tr. Off.
HENRY M. ROGERS, Assistant Mgr. Foreign Dept.	

## DIRECTORS

Frederic W. Stevens	William Fellowes Morgan	Charles A. Corliss
W. Emlen Roosevelt	Arthur Iselin	John A. Garver
Robert Walton Goeliet	Garrard Comly	Herbert K. Twitchell
Darwin P. Kingsley	Henry A. Caesar	Percy H. Johnston
Charles Cheney	Frederic A. Juilliard	Edwin S. Schenck
	Ridley Watts	

ment control of wheat, ending the minimum price guarantee, without causing even a slight flurry at market centers. Speculative trading, however, is held in abeyance until the exchanges have worked out plans for the regulation of futures. The problem of obtaining sufficient cars to handle the unmarketed portion of the 1919 crop in general has been a matter of considerable concern. In the Kansas City District "it is regarded as certain that probably twenty-five per cent. of the last year's crop will still be in the hands of farmers when the new 1920 crop begins to flow to the markets." May wheat receipts in this district, while handicapped by car shortage, were considerably in excess of the low April figures, although corn and oats receipts were small. High April wheat prices in Kansas City, due to demand for good milling wheat, have been sustained, while oats prices were likewise high. Flour prices at Kansas City advanced during the month of May in sympathy with the rise in wheat. Receipts of wheat at Minneapolis and Duluth for the crop year beginning September 1, 1919, indicate, when compared with the estimates of the United States Department of Agricul-

ture of the total crop for 1919, that 83.2 per cent. of the crop had been moved by that date, as compared with 66.5 per cent. for the 1918 crop and forty-five per cent. for the 1917 crop.

The live-stock situation is among the most promising departments of agricultural effort in the country. In District No. 10 (Kansas City) pasture conditions are excellent, although the movement of stock to grazing lands is slow. However, live-stock in all States is generally healthy and improving in condition. Receipts of cattle at fifteen principal markets during May were 1,209,656 head, as compared with 1,040,903 head during April, and 1,262,065 head during May, 1919, the respective index numbers being 120, 103 and 125. Receipts of hogs amounted to 3,128,249 head during May, corresponding to an index number of 152, as compared with 2,150,281 head during April, and 3,049,223 head during May, 1919, the respective index numbers being 98 and 139. Receipts of sheep for May were 796,160 head, as compared with 928,191 head during April and 934,613 head during May, 1919, the respective index numbers being 58, 68 and 68. During the first two weeks of June strong

increases in live-stock prices in the face of diminished receipts were recorded. From District No. 11 (Dallas) it is reported that range conditions are good and that the condition of live-stock throughout the entire District is "from good to excellent," while live-stock prices have continued to sag toward lower levels, and at Fort Worth and other markets fairly large consignments have been received, a considerable portion of the offerings consisting of choice, heavy animals in excellent condition. The number of cattle yarded at Fort Worth in May compares favorably with the corresponding receipts for the past eight years, except in 1917. In various Districts, however, cattle interests have felt restriction of credit due to a lack of demand for cattle paper, and this has rendered the problem of rehabilitating the yards in the breeding sections a serious one. From District No. 7 (Chicago) it is reported that the high cost of money has tended to limit accommodations to the live-stock industry.

Railroad congestion and similar difficulties have continued to make it difficult for iron and steel manufacturers to keep up their production, but energetic effort has already had its effect. From District No. 4 (Cleveland) it is reported that a "surprisingly good showing" is being made, all things considered. Pig iron output for May was a little under 3,000,000 tons, or a gain of about 240,000 tons over April. Operations, however, are being carried on with a narrow margin of safety because of the short car supply and the uncertain receipts of raw materials, including both ore and coal. The railroads are still unable to meet the demands upon them, and the unfavorable coal prospects affecting the late summer and autumn, cause anxiety with respect to the future. The most serious aspect of the situation as bearing upon sustained operation is the large amount of rolled steel which continues to be carried in the yards because of inability to ship. In the Pittsburgh district alone this is estimated at 500,000 tons. From District No. 3 (Philadelphia) it is reported that the demand for iron and steel remains quiet, pending the return of better transportation conditions, and while production of pig iron showed a small improvement during May, the change was not material. Iron products have a steady and satisfactory market and consumers have not accumulated any considerable surplus. Costs are so high that there is no prospect of lower prices and the improvement of transportation will result in an immediate development of business.

Producers hesitate to accept new orders far in the future because of high production costs. In the Cleveland district, too, it is reported that new business is on a reduced basis, partly due to uncertainty of deliveries and inability to direct future costs. The railroads have not been buying equipment to the extent that was hoped. In the Birmingham district it is reported that a steady demand throughout the remainder of the year for iron and steel is anticipated. While pig-iron manufacturers have fared better as to cars than coal producers, steel mills are active and a slight lull in buying has not checked confidence. The general rate of \$42 per ton for pig iron has been maintained. Throughout the country fabricating plants are as active as the supply of coal will permit. The unfilled orders of the United States Steel Corporation at the close of May were 10,940,466 tons, corresponding to an index number of 208, as compared with 10,359,747 tons at the close of April, corresponding to an index number of 197. Steel ingot production shows an increase from 2,638,305 tons during April to 2,883,164 tons during May, the respective index numbers being 119 and 109.

Continued congestion in coal is closely allied to the decrease produced by the unsatisfactory railroad situation in the steel industry. In Alabama (District No. 6) coal production has been lagging for some time and there is coal shortage at many points with a tendency on the part of production to fall off. In Pennsylvania (District No. 3) work at the mines is slack, owing to the poor car supply. On one of the leading railroads conditions have been deplorable, the car shortage being sometimes as low as ten per cent. and often not over thirty per cent. The Great Lakes district is in serious danger through the shortage of bituminous coal. The labor situation is unsatisfactory, many foreign workers leaving for their native lands. Demand for coal is far in excess of the supply and should present conditions continue, manufacturing will be seriously interfered with. Domestic coal prices are rising slightly. Collections in the coal business are good, but dealers are suffering from the lack of adequate capital. In the Lake region (District No. 4) shipments of ore and coal show a loss as compared with last season and a shortage at both ends of the Lake route is expected at the close of the shipping season. Vessels in the ore trade, owing to the light movement of grain and coal, show a decrease in business. Coal shipments up to June 1 were

# Getting Acquainted

The Seaboard National Bank has always endeavored, with more than ordinary interest, to fully acquaint itself with the business entrusted to it by its many depositors and friends, having always regarded this as being the only basis for creating a genuine spirit of mutual confidence and co-operation.

This institution offers a modern banking organization that is thoroughly equipped and systematized to render a prompt and intelligent service along every line of financial business.

Whatever your requirements in banking may be, our officers who give their personal and undivided attention to every account, will be glad to go into details with you regarding your business problems and financial needs.

## The Seaboard National Bank of the City of New York

Capital, Surplus and Profits over Five Millions

3,200,000 tons less than for the same period last season, although there has been a slight increase since that date. All Lake coal is now being pooled on practically the 1918 basis. Iron, steel, and other plants will be seriously held up and obliged to slow down their production unless a very distinct improvement in transportation speedily occurs. Production of bituminous coal for the country at large during May amounted to 39,057,000 tons, as compared with 37,966,000 tons during April and 37,547,000 tons during May, 1919, the respective index numbers being 105, 102 and 101. There has been no increase in labor difficulties in the coal industry, the difficulty of the situation being found in other directions.

Metal mining conditions were not quite as favorable during May as they were a little earlier. The fall in the price of silver has eliminated the profits of many silver operators, while in lead and zinc shipments showed a decided reaction for May as compared with April. Zinc and calamine prices were nearly stationary. Lead shipments declined from the preceding month, the average for each week in May in the Missouri-Kansas-Oklahoma district being 1,959 tons

as compared with 2,524 tons during April. The price level showed a material cut, falling from \$110 to \$100. The weather conditions were bad during May, while harvest demands have drawn off labor. Considerable unsold ore is on hand in various lines of production.

In some manufacturing lines there is considerable variation. Men's clothing is perhaps more depressed than any other industry. Buyers are holding off in anticipation of lower prices. From District No. 3 (Philadelphia) it is reported that higher prices are expected as production costs do not warrant reductions. Operating conditions are fairly satisfactory and the demand of labor for higher wages and shorter hours has abated. In District No. 4 (Cleveland) the clothing trade and the cloak trade have canceled their orders very heavily during the past two months and many have closed their factories for a week at a time, while most are now operating on a three-day week basis. In drugs and chemicals much improvement is reported from the middle west. In a general way, orders for future delivery on manufacturers' books are large and sufficient in most cases to insure

capacity operation for several months to come, but new business is coming in more slowly and there is a very general disposition to cancel orders.

The situation in the cotton textile field continues uncertain. The market for cotton yarns is unsettled. In the Philadelphia district surplus stocks are being sold at some sacrifice for practically whatever they will bring. The outlook when trading is resumed on a large scale is problematical, depending largely on the coming cotton crop. In cotton goods the public stand against high prices is having an important influence. Manufacturers of cotton goods are in some cases closing their plants, although many concerns are continuing on old orders which should keep them running until late in the autumn. In knit goods the market is still in a condition of stagnation, while hosiery and underwear manufacturers report a total absence of buying. Labor, nevertheless, continues insistent upon high wages. There has been a slowing down of activity in District No. 1 (Boston). This is reflected in decreasing consumption and spindleage. Consumption has fallen from about 212,000 bales in March to 194,000 bales in May. Consequently mills have not been placing orders for raw cotton, except in sporadic cases. Export trade for the past two or three months has been very poor.

Adjustment of the wool market is now in progress and during the past month there has been complete cessation of buying. No established price for raw wool exists. The situation in the woolen and worsted yarn industry is causing grave apprehension to manufacturers. Lack of confidence is reported throughout the textile industry in District No. 3 (Philadelphia). Collections are poor and transportation is very unsatisfactory. District No. 1 (Boston), after noting that of the 674,000,000 pounds of wool purchased by the Government at the time we entered the war, there was left at the date of the armistice about 437,000,000 pounds goes on to review the existing situation as follows:

All the best grades have been sold but the Government still has about 61,000,000 pounds graded from mediums to the low cross-breeds of which about 40,000,000 pounds is stored in Boston and vicinity and the balance scattered throughout the country, a considerable amount of this being in New York, Philadelphia, and Chicago. At the last auction of Government wool, held June 10, when 7,000,000 pounds were offered, only about six per cent. was sold at upset prices

as at the previous month's sale. The dealers, being well stocked with medium and lower grades, have not been in the market for several months past. At the last sale of British wools, held in Boston the latter part of May, there were practically no bidders and what was sold is said to have been bought at from fifteen to thirty per cent. less than previous sales, a condition which also prevailed in the London market.

Boston dealers say there is evidence of the existence at this time of great quantities of wool in the world. It is estimated that Great Britain owns 1,500,000 bales all paid for, and that Australasia, including New Zealand, has a considerably larger amount, including this year's clip. This condition has been brought about by such countries as Germany, Austria, and Russia being out of the market for a long time past, while France and Belgium own no wool, buying as they need it. The mills of the last two mentioned countries are said to be operating at from seventy-five to eighty per cent. of pre-war times. It is claimed that Great Britain is the only country extending any large amount of credit to Germany, last month granting at least \$75,000,000.

Many New England mills are now, and for the past two or three weeks have been, operating three days a week, some are shut down entirely and it is said that others will close altogether or go on a three-day basis. Nearly all, if not all, the mills have had large cancellations of orders and have not therefore been in the market for wool during the past two months and it may be some time to come before they will place orders. Consequently, the wool dealers are doing no business and this condition prevails throughout the country.

During the month an important conference was held between the Federal Reserve Board and representatives of wool growers. At the close of the conference, the Board authorized the following statement with reference to methods to be employed in financing this year's crop.

A wool grower may ship his wool to one of the usual points of distribution, obtaining from the railroad a bill of lading for the shipment; the grower may then draw a draft against his bank, for such an amount as may be agreed upon by the grower and the bank, secured by the bill of lading. The Federal Reserve Act authorizes any member bank to accept a draft secured in this manner at the time of acceptance, provided that the draft matures in not more than six

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$950,000

## OFFICERS

JULIAN D. FAIRCHILD, *President*  
JULIAN P. FAIRCHILD, *Vice-President*  
WILLIAM J. WASON, JR., *Vice-President*  
THOMAS BLAKE, *Secretary*  
HOWARD D. JOOST, *Assistant Secretary*  
J. NORMAN CARPENTER, *Trust Officer*  
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS

months from the time of acceptance. After acceptance such a draft bearing the endorsement of a member bank is eligible for rediscount or purchase by a Federal Reserve Bank, provided that it has a maturity of not more than three months from the date of rediscount, or purchase.

One of the decisive factors in the business situation for the month has been the falling off in building activity as a result of very high prices of materials. This is all the more noticeable because the present is usually the time of greatest activity. Housing operations have been particularly few in number, especially in some districts in the middle west. In the eastern districts the falling off has been equally severe. Philadelphia reports a total number of building permits in May amounting to 2,624, as against 2,999 for April. In the northwest the reduction has been about parallel to that in other parts of the country. Building permits reported from Minneapolis were 1,764 as compared with 2,008 in April. The slackening in building activity has had a reflex influence upon lumber, a decline in lumber prices having been in effect since February last. The trend of production in the southern pine district is now downward. Stocks have accumulated on account of inability to move them, and price recessions to the extent of about fifteen per cent. have been reported. A very similar situation exists practically throughout the country. On the Pacific Coast night operations have ceased almost entirely. Unfilled orders have fallen off materially. Building operations on the Pacific Coast

were, however, more active during May than during April.

Financially, the month of May has been a period of great interest. The advance in the rate on Treasury certificates of indebtedness to a maximum of six per cent., and the raising of rates of discount at various Federal Reserve Banks to a seven per cent. maximum have tended to assist materially in the control of credit. The reserve ratio at Federal Reserve banks improved by about two per cent. during the month. Conditions in the financial centers have shown comparatively little modification. Call money rates in New York have gone as high as eleven per cent. and have continued at that figure for considerable periods. The importation of gold on a small scale has been resumed and a larger movement from Great Britain is now confidently expected. Commercial paper and time money rates have continued high, with money supply scanty, while the pressure from the interior banks upon their city correspondents for accommodations has become more intense as the cost of funds at local Reserve banks has increased. The opinion of bankers, not only in New York but in various other financial centers, is to the effect that the money situation has shown a distinct improvement during the month, and this view is borne out by reports of various Federal Reserve Agents who state that the Federal Reserve Bank policy, aided by cooperation of member banks, in convincing would-be borrowers that there must be a revision of their applications with a view to eliminating all unnecessary or unessential requirements.

NO-NOIS CEILINGS

# 70 - 80% Quieter Here



**IRVING NATIONAL BANK**  
NEW YORK

LONG ISLAND  
CREDIT BUILDING NEW YORK

ORGANIZED  
1881

G. C. HOWARD  
Vice President

June 24, 1920.

Mr. Junius H. Stone,  
1400 Broadway, New York City. Attention: - Mr. G. P. Little,  
Acoustical Engineer

Dear Sir:

It gives us much pleasure to respond to your letter of the 15th, concerning the value of the "NO NOIS" ceiling treatment which you recently installed in our credit department. We should say that it has lessened the noise from 70 to 80% and brought about a wonderful improvement in the working conditions. The operation of 30 ordinary typewriters is hardly noticeable.

Altogether the result of the installation is most gratifying.

Yours very truly,

*Write for Information*

**JUNIUS H. STONE**  
1400 Broadway, New York

Atlanta  
Baltimore  
Buffalo

Boston  
Chicago  
Cleveland

Los Angeles  
Minneapolis  
Philadelphia

# Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland  
and the District of Columbia

## ECONOMIC CONDITIONS IN THE EASTERN STATES

**T**HE OPINION that a period of industrial depression is about to begin appears to be contrary to fact. The price recessions, especially in the retail trade, seem rather to be a temporary reaction from over-speculation rather than any permanent slump in the market. Periods of depression always follow periods of overproduction, a condition which does not prevail at present. There is still a serious shortage of nearly all commodities and while the demand exceeds the supply there can be no permanent slump. The opinion seems to prevail, however, that prices have reached the top and will not go higher.

Temporary lack of demand has restricted the output of the textile mills and clothing and boot and shoe manufacturers, and some smaller industries. Many woolen mills and silk mills are shut down or running only on part time and some cotton mills are going ahead with greater caution. It is believed, however, that this situation will only last until these industries get their bearings as there is sufficient need for their full product. Cancellations, presumably, signify an effort to get the same goods at a lower price rather than that the goods will not be wanted at all.

The inadequate amount of residential buildings is a serious situation in this district. Contracts awarded for dwelling construction have decreased very materially. Materials are high and extremely hard to get. In New York City many private houses, hotels and tenements are being torn down to make room for business buildings.

Crop prospects for this district are good owing to favorable weather conditions in May. The fruit crop will be good in both New York and New Jersey. For the entire Second Federal Reserve District a wheat yield of 11,423,000 bushels was forecast on June 8 by the Bureau of Crop Estimates. A considerable increase in the oat crops is anticipated.

Comparatively slight reductions in employment in May are reported by the New

York State Industrial Commission, but later reports show that much unemployment exists among workers in the clothing and textile industries. In some cloak and suit factories seventy per cent. of the operatives are not at work. Inactivity is usual at this season of the year, but it is now exceptionally severe. During the past few years only thirty to forty per cent. have been laid off during the dullest season. Practically all the fur makers in New York City are on strike, and it is estimated that 10,000 are out. The long strike of truckmen and coastwise longshoremen in New York City has continued, to the embarrassment of local transportation.

According to the State Industrial Commission the average weekly earnings of factory workers in New York State were \$28.45 during May, an increase of 65 cents over the average for April and the highest reported so far. The most marked increases were in metal work, machinery, railroad repair shops, shipbuilding and furniture. The greatest decreases were in men's and women's clothing and in fur and fur goods. It is probable that part of the increases were due to the laying off of the less competent workers, whose lower earnings reduced the average.



## CONVENTION DATES

American Bankers Association—Washington, D. C., week of October 18.

## SOME RECENT DIVIDEND DECLARATIONS

The United States Mortgage and Trust Company of New York has declared its regular quarterly dividend of six per cent., payable July 1 to stockholders of record June 26.

The Equitable Trust Company has paid a quarterly dividend of four per cent. to stockholders of record June 22.

The Asia Banking Corporation recently announced what practically amounts to a dividend in favor of its employees, that extra



**T**HIS modern bank building, the home of the Warren Institution for Savings of Boston, stands on Park Street, facing famous Boston Common and adjoining historic Park Street Church. It is a good example of the highest type of combination bank and office building. It was planned by

Thomas M. James Company

3 Park St., Boston, Mass.

501 American Trust Building, Cleveland, Ohio



compensation, based upon ten per cent. of their salaries for the past six months, would be paid.

The Italian Discount and Trust Company has declared a five per cent. dividend for the first six months of the year to stockholders of record June 20.

A quarterly dividend of two per cent. has been declared by the Textile Banking Company of 50 Union Square, New York City, payable to stockholders of record June 26.

A semi-annual dividend to stockholders of record June 30, at the rate of five per cent., has been passed by the East River National Bank of New York. The January semi-annual dividend was at the rate of four and one-half per cent.

Directors of the Empire Trust Company have declared a quarterly dividend of three per cent. and an extra dividend of two per cent.

**JAMES S. ALEXANDER DECORATED**

James S. Alexander, president of the National Bank of Commerce in New York, has been notified that King Victor Emmanuel III has conferred upon him the Cross of




**JAMES S. ALEXANDER**  
President National Bank of Commerce,  
New York

**Resources**  
**\$18,000,000.00**

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business**



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and you will be entirely  
satisfied

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**A. D. BISSELL, Chmn. of Board**  
**HOWARD BISSELL, President**  
**C. R. HUNTLEY, Vice-Pres.**  
**E. H. HUTCHINSON, Vice-Pres.**  
**E. J. NEWELL, Vice-Pres.**  
**C. G. FEIL, Cashier**  
**A. J. ALLARD, Asst. Cashier**  
**G. H. BANGERT, Asst. Cashier**  
**GEO. ULRICH, Asst. Cashier**  
**C. H. FITCH, Asst. Cashier**  
**W. G. WILCOX, Auditor**

**Trust Department**  
**CHAS. W. CARY, Trust Officer**

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**Member Federal Reserve System**

Chevalier of the Crown of Italy, in recognition of services rendered to Italy in connection with her finances during the war.

This decoration is the third received by Mr. Alexander from foreign governments in recognition of his financial services during the World War period. In January, 1919, he was made by France a Chevalier of the Legion of Honor and last April he was created a Knight Commander of the Order of Leopold II by King Albert of Belgium.

#### NEW YORK BANKER HEADS FINANCIAL WORK OF LIBRARY CAMPAIGN

James I. Clarke, second vice-president of the National Bank of Commerce, has begun his duties as treasurer of the "Books for Everybody" appeal of the American Library



J. I. CLARKE

Vice-President National Bank of Commerce

Association and the Immigrant Publication Society in New York. Donations thus far received were turned over to Mr. Clarke, who will be in active charge of finances in the movement here.

Mr. Clarke began his career as a newspaper man in Saratoga Springs, N. Y., his

birthplace. He resigned later to enter Cornell University, and upon graduation came to New York again to invade the journalistic field. He joined the staff of the Sun in 1912.

In 1917 he became advertising manager of the National Bank of Commerce, and he served throughout five Liberty Loan drives, to which he was loaned by the bank. He was in charge of War Savings Stamp production in Washington.

In May, 1918, he returned to the bank as manager of the service department. He was appointed second vice-president in January of this year.

#### MORE INSTITUTIONS JOIN NEW YORK COMMUNITY TRUST

The Harriman National Bank and the Lawyers Title & Trust Company have been admitted to membership in the New York Community Trust. Frank J. Parsons, acting director of the trust, in announcing the additions to membership, stated that the trustees now number fifteen trust companies, four national banks and one State bank.

#### THE GUARANTY TRUST CO.

Robert L. Livingston has been appointed an assistant vice-president of the Guaranty Trust Company of New York. At the same directors' meeting William L. Kleitz was made assistant treasurer and C. O. Pancake was appointed assistant secretary.

On June 24 the executive committee of the Guaranty's board of directors met and appointed Sigmund Metz manager, Peter Solari assistant manager and Richard Schellens secretary of a new branch office to be opened in Constantinople about September 1.

Henry D. Quinby, formerly city treasurer and for three years city comptroller of Rochester, N. Y., has joined the staff of the Guaranty Trust Company as an investment analyst in the trust department. In this capacity Mr. Quinby will assist in passing upon the standing of securities carried by the company in its trust and custody accounts.

The statement of this bank issued July 7 in response to the latest state bank call shows deposits as of June 30 amounting to \$674,525,852.27, and resources totaling \$907,169,457.62. On February 28, 1920, the date of the last previous call, deposits were \$643,881,248.58 and resources were \$877,678,584.50. On June 30, 1919, deposits were

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## Something to Remember

**I**N all the mental uncertainties and indecisions accompanying political agitation and economic unrest, there is always a hearty welcome for sound, accurate information along constructive lines.

Concrete, authentic information has a specific value to the banker distributing it—particularly at a time like the present. His public wants something to remember—something to read and know to be true.

The Collins Service enables you to give your public messages they will remember—and in doing so will favorably remember your bank.

Write for details about this constructive material and methods for developing your banking business.

**The Collins Service**  
PHILADELPHIA  PENNSYLVANIA

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\$661,914,893.78 and resources were \$821,084,399.78.

### JERSEY BANKS SHOW BIG GAIN IN DEPOSITS

Financial statistics of the trust companies, savings banks and state banks of New Jersey for the year ended May 4, show tremendous increases in deposits for the year and indicate that the financial institutions are now enjoying the greatest prosperity in their history. The unprecedented increase in deposits in savings banks is attributed to the increased earning capacity of the working classes and shows that the workingman is saving money.

The statistics were compiled by State Commissioner of Banking and Insurance Frank H. Smith.

Since May 12, 1919, the deposits of the 123 trust companies, twenty-seven savings banks and twenty-six State banks increased \$112,612,588, the grand total of deposits of the three classes of banking houses having reached \$729,310,219 on May 4, 1920. The total resources of these banks amounted to \$839,044,452, an increase of \$105,639,759 for the year.

### ENLARGES ITS TRUST FUNCTIONS

At a meeting of the board of directors of the Fidelity Trust Company of Buffalo held June 29, a resolution was unanimously adopted empowering the company to accept trust bequests under what is known as the Buffalo Foundation plan. The Buffalo Foundation is a community trust, similar to that in a number of other cities, which uses the income from trusts left to it for the support of worthy scientific, educational, charitable or civic purposes.

### FIDELITY TRUST CO. VOTES TO MERGE WITH THE INTER- NATIONAL BANK

The Fidelity Trust Company and the International Bank, both of New York City, are to be merged. Samuel S. Conover, president of the former, has announced that the directors of both institutions have unanimously approved an agreement to combine both banks, and the Superintendent of Banks also has approved it. The stockholders of the Fidelity Trust and the International Bank will be asked, at special meetings set for July 19, to take similar action.

If the stockholders give their sanction,

Citizens' National Bank	
(Chartered 1890)	
ENGLEWOOD, N. J.	
Capital .....	\$50,000.00
Surplus and Undivided	
Profits .....	168,720.00
Deposits .....	1,973,370.00
Albert I. Drayton, Pres.	
E. S. Campbell, Vice-Pres.	
J. B. Lewis, Cashier.	
Collections solicited. Remittance on day	
of payment at lowest rates. Send us your	
business.	

they also will be asked to authorize an increase in the capital of the Fidelity Trust Company from \$1,000,000 to \$1,500,000 and to make provision for surplus and undivided profits of the same amount, so that the company will have capital, surplus and undivided profits of \$3,000,000.

Until the legal steps necessary can be accomplished the merged institution will be known as the Fidelity Trust Company, but when these steps have been taken the style of the company will be Fidelity-International Trust Company. The Fidelity Trust Company will continue its offices at the corner of Chambers and Hudson Streets and West Broadway, and until the merger is completed the International Bank will retain its offices at 17 Battery Place. Later this office will become a branch, and it is expected that a new branch will be established at the northeast corner of William and John Streets.

The aggregate deposits of the consolidated institution will be in the neighborhood of \$20,000,000 and total resources will exceed \$23,000,000. The present active and salaried officers of both banks will be retained in their respective capacities in the merged institution.

The Fidelity Trust Company was organized in 1907 by leading merchants in the lower West Side wholesale district, and the International was started in 1902, and does a foreign as well as a domestic business.

#### GEORGE W. PERKINS DIES IN SANITARIUM A VICTIM OF OVERWORK

George W. Perkins, financier, philanthropist, and former partner of J. P. Morgan, died in Stamford Hall Sanitarium, Stamford, Conn., June 18, from acute inflammation of the brain, brought on, according to physicians, by overwork in connection with activities in the world war which he had undertaken voluntarily.

The affection to which Mr. Perkins succumbed is believed to have been the result of influenza and pneumonia contracted while serving with the Y. M. C. A. in France during the war.

In 1900, when he was earning a salary of \$75,000 a year, he attracted the attention of the elder J. P. Morgan, who offered him \$100,000 a year in spite of the fact that he had no banking experience. He refused and shortly afterward received a still better offer from Morgan, including a partnership. He accepted and for ten years was a partner in the Morgan house. In this capacity he negotiated a number of important foreign loans. Meanwhile he had become a director in a number of corporations, including the Steel and Harvester companies.

Mr. Perkins was reputed to have first suggested to and persuaded "big business" to adopt profit sharing, insurance, service bonuses, sick benefits and old age pensions.

#### UNITED STATES MORTGAGE AND TRUST COMPANY APPOINTMENTS

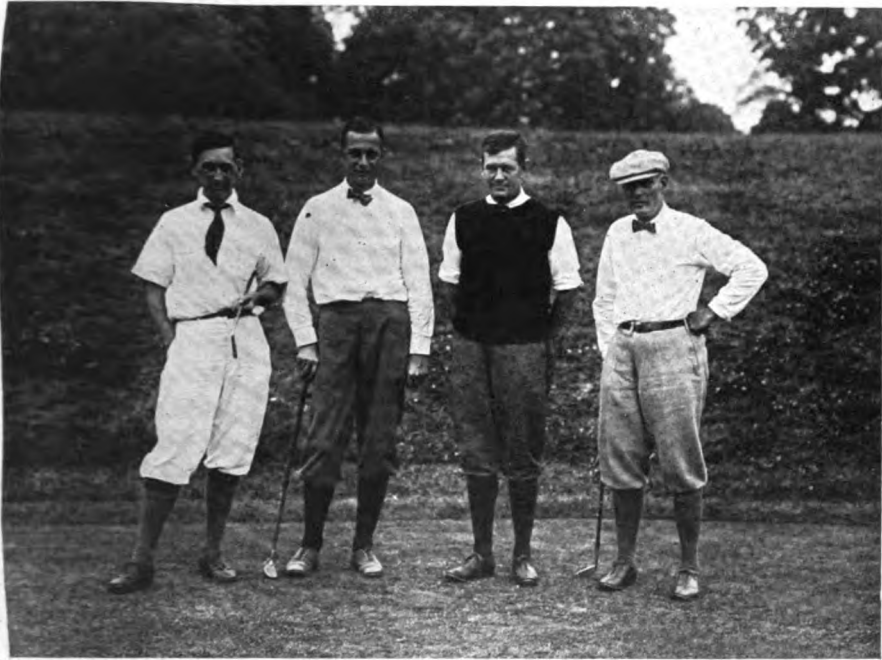
At a recent meeting of the board of directors of the United States Mortgage & Trust Company of New York, John A. Hopper, formerly assistant treasurer, was elected secretary of the company. George A. Jones, manager of the 125th street branch, was elected assistant treasurer, and Mrs. William Laimbeer, manager of the women's department, was elected assistant secretary.

The following appointments have also been announced: Henry C. Ottiwell as trust officer, Harold A. Whitten as assistant trust officer, George S. Little as manager, Broadway and 73rd street branch; William A. Menzel as manager, Madison avenue and 75th street branch; Harvey L. Street, 2d, as assistant manager, Madison avenue and 75th street branch; Charles Diehl as manager 125th street branch, and Arthur B. Colligan as assistant manager, 125th street branch.

#### NEW PAMPHLET PUBLISHED BY BANKERS TRUST CO. OF NEW YORK

"Europe's War Problems and Labor" is the title of a pamphlet written by Fred I. Kent, vice-president of the Bankers Trust Company of New York, and now issued for the valuable information it contains.

Mr. Kent was director of foreign exchange for the Federal Reserve board during the war and he has just returned from



Messrs. Babcock, Bush, Parker, and Sisson of the Guaranty Trust Co. Golf Team

ten months in Europe, during which time he has been studying financial problems with the Reparation Commission. He has outlined in this study the plan that is now developing by which the neutral nations, the Allies and the United States are expecting to advance credits, food and raw materials to the Central Empires, and undertake a program for the reconstruction of devastated France.

**NEW ASSISTANT CASHIERS FOR  
CHATHAM AND PHENIX**

Robert Roy, Jr., and William S. Wallace have been elected assistant cashiers of the Chatham and Phenix National Bank of New York.

**THE EQUITABLE TRUST COMPANY  
OF NEW YORK WINS BANKERS  
GOLF TOURNAMENT BY  
WIDE MARGIN**

In the annual Sabin Cup event of the New York banks and trust companies held recently on the long and sporty Greenwich Country Club course the team of the Equitable Trust Company of New York overwhelmed its opponents, rolling up a total of 549 points against a total of 324 points



**P. S. DURYEE**

Vice President Mercantile Trust Co., New York



**F. B. CAMP**  
National Bank of Commerce, New York



**O. D. DAVIS**  
Liberty National Bank, New York



**C. D. MAKEPEACE**  
Vice-President, Mercantile Trust Co., New York



**F. H. SISSON**  
Vice-President Guaranty Trust Co., New York

## Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

# Union National Bank

## PHILADELPHIA

Resources over . . . . \$25,000,000

scored by the National City Bank, its nearest competitor.

Twenty teams were entered in the contest and when the auditors and accountants had finished compiling the various points scored it was found that the Equitable team had won by a wide margin. The National City Bank finished second, the Guaranty Trust Company third, and the Bankers Trust Company fourth.

The individual gross scores of the Equitable Trust Company team members were as follows:

James Rhett	84
David Rogers	85
Edwin Pfirrmann	89
John Kane	91
Samuel Armstrong	97

W. W. Hoffman of the National City Bank turned in the lowest individual card at 81.

Low gross scores were also made by D. H. Barrows, Federal Reserve Bank—84; J. R. Sloan, Farmers Loan & Trust Company—84.

The cup will be engraved with the names of the winning team.

### AN INTERESTING BOOKLET

"Early New York and the Bank of the Manhattan Company" is the title of an attractive and well printed booklet recently issued by the Bank of the Manhattan Company. The many reproductions of old historic prints, and the interesting descriptions of New York in the previous century will make this book of great value and interest to banker and public alike.

Commenting on this booklet the *New York Times* stated in an editorial:

In reading the history of the Manhattan and the Merchants' banks, one cannot but be struck by the great number of names appearing in it that also are familiar to every student of American chronicles. These bank presidents, directors and stockholders were more than men of money and dealers in money. They were men of action and achievement in many fields. There were statesmen among them, and soldiers, and by the dozens and scores they gained for themselves, in one way or another, places in the books that last.

Somehow or other they were different from their banking successors of the present day—not better nor wiser, probably, but

more adventurous, though not more enterprising; more widely famous, though not more respected and trusted. The sums of money that passed through their hands were trivial in comparison with the financial transactions of these and of many another metropolitan bank today, and yet—well, to put the case cautiously, not as many of today's financiers are likely to get the same sort of historic and literary recognition as confers immortality on the men whose relations with the Manhattan and the Merchants were but a small part of their busy lives.

#### "PILL BOXES" TRAP FORGER

"It's a fine day," said Jackson L. Kathon, 24, an actor of 130 West Forty-ninth Street, as he presented a check for \$25 to William M. Landres, paying teller at the Pacific Bank, Forty-ninth Street and Seventh Avenue, New York City. Landres saw the name of Louis Albert, a tailor of 131 West Forty-ninth Street, and recalled that other checks, bearing forged signatures of Albert, had been passed at the bank.

"In new bills, please," added Kathon. Landres pressed a button under his seat and the bank's doors closed. At the same time "pill boxes," installed for protection against hold-up men, dropped from above, and revolvers in the "pill boxes," within reach of guards, pointed toward the door. Kathon threw up his hands. Special Officer Frank Williams arrested him. Kathon pleaded guilty to forgery, and is held for the Grand Jury.

#### STATE BANK'S GROWTH PHENOMENAL

The statement of The State Bank of New York, 374-378 Grand Street, New York City, issued on the occasion of its thirtieth anniversary July 9, shows a tremendous growth in deposits in the last eighteen months. From January, 1919, to July, 1920, the institution's deposits practically doubled, advancing from \$36,718,000 on the former date to \$72,751,000 on the latter date.

The bank now has 112,000 accounts, said by its president, H. C. Richard, to be the largest number of individual accounts in any commercial bank in the United States. Individual accounts increased in the last eighteen months by 26,000.

The tremendous increase in deposits began with the assumption by younger officers of control of the institution. Mr. Richard became president at the age of 35, being

probably the youngest bank president in New York City.

"We instituted more modern methods of doing business," was his explanation of the bank's phenomenal growth. "We increased our officers to fourteen in order to take care of our business more adequately."

The State Bank has six branches, one having been installed recently in the Holland House, Fifth Avenue and 30th Street, and called the Madison Square branch. Other branches are: Fifth Avenue branch, Fifth Avenue and 115th Street; Clinton branch, 100 Essex Street; Union Westchester branch, 158th Street and Westchester Avenue; Brownsville branch, Stone and Pitkin Avenues, Brooklyn; and the Williamsburg branch, Graham Avenue and Varet Street, Brooklyn.

#### ANDREW MILLS, JR.

Andrew Mills, Jr., has resigned as assistant cashier of the National City Bank of New York, to become first vice-president of the Dry Dock Savings Institution of New York.

#### ARTHUR W. McCAY

Arthur W. McCay, formerly manager of the securities department, has been appointed assistant cashier of the Mechanics & Metals National Bank of New York.

#### COLUMBIA TRUST COMPANY HAS NEW VICE-PRESIDENT

Robert I. Curran has been elected a vice-president of the Columbia Trust Company of New York to succeed Langley W. Wiggin, who resigned to become a special partner in the firm of Evans, Stillman & Co. on July 1. At the same meeting the Columbia board elected Charles E. Wolff, controller; Arthur W. Hutchins, secretary; O. C. Wagstaff and F. C. Kelly, assistant secretaries, and W. M. Morgan and M. W. Terry assistant trust officers.

#### NATIONAL CITY BANK APPOINTMENTS

Ellery A. Baker has been appointed assistant vice-president of the National City Bank of New York. For the last three years he has been in charge of the bank's industrial service activities.

Sherman P. Allen and William W. Hoffman are now serving the National City Bank as assistant trust officers.



MEDLEY SCOVIL IN EUROPE

Medley Scovil, president of Medley Scovil, Inc., in New York City, recently sailed for Europe on the Olympic. The object of Mr. Scovil's trip is to observe foreign trade conditions in England, Scotland, Holland, Belgium, France, Portugal and Spain. He will be gone about two months, during which time he intends to gather much data about foreign business conditions for the benefit of his clients.

HAPPENINGS OF INTEREST IN THE MARINE TRUST CO. OF BUFFALO

George F. Rand, Jr., in charge of new business and advertising work since his return from overseas early in 1919, has been appointed officer in charge of the department of branches; Mr. Rand succeeds Raymond E. Winfield, vice-president.

Miss Amy Roettig, who has written much of the Marine Trust's advertising copy and is the editor and founder of "The Marine Trust News," is resigning to be married to S. Gordon Hyde of Chicago.

"The Marine Trust News" has suspended publication as a monthly but beginning next fall, it will reappear as a quarterly publication.

CORN EXCHANGE BANK INCREASES CAPITAL STOCK

At a special meeting of stockholders of the Corn Exchange Bank of New York held June 17, an increase in the bank's capital was voted, bringing the capitalization up to \$6,000,000. The new stock—\$1,380,000 worth of it—has been taken up by stockholders of record July 1, at \$100 a share, in the ratio of three shares of new stock to ten shares of old stock.

IRVING NATIONAL'S CAPITAL INCREASE RATIFIED

As expected, the plans to increase the capital of the Irving National Bank of New York from \$9,000,000 to \$12,500,000 have been carried out. 30,000 shares were allotted to present stockholders and the remaining 5,000 have been sold to the bank's employees at \$100 per share.

AMENDMENTS TO NEW YORK BANKING LAWS IN PAMPHLET FORM

An interesting pamphlet, containing a brief summary of the principal amendments to New York State Banking Laws, made by

**Audits and Systems  
for Banks**

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,  
Djorup & McArdle**  
42 Broadway, New York

the New York State Legislature, has been prepared for distribution by the Equitable Trust Co. of New York. Copies of this valuable reference work may be had upon application to the Equitable's bond department.

J. S. BAKER

J. S. Baker, assistant cashier of the Bank of the Manhattan Company of 40 Wall Street, New York, has been appointed a vice-president.

J. C. DE SOLA

Having retired from the New York firm of De Sola Brothers & Pardo, J. C. De Sola brings to the Battery Park National Bank in his new capacity as vice-president, a world of valuable knowledge of South American affairs. The Battery Park National Bank is a strong factor in the produce and shipping trade of the port of New York.

### INSTALL MEZZANINE GALLERY

Hoggson Brothers, New York, have recently completed extensive alterations in the banking rooms of the United States Mortgage and Trust Company, New York, involving the erection of a balcony around three sides of the room. The problem was to provide additional space without detracting from the appearance of the marble and bronze banking room which today would require a half million dollars to duplicate. The design and placing of the balcony so harmonizes with the architectural treatment that it appears to be a part of the original room.

### NATIONAL CITY COMPANY WILL CONVERT NEW YORK HOTEL INTO OFFICE BUILDING

The Hotel Manhattan, at Madison Avenue and Forty-second Street, New York, has finally been taken over from the John McE. Bowman hotel interests by the National City Company.

It is known that the National City Company's plans to install stores on the Madison Avenue and Forty-second Street frontages, utilizing a large space on the latter street as new quarters for its uptown branch now in the Ziegler Building, at the southwest corner of Fifth Avenue and Forty-third Street. The rest of the building will be used for offices.

The Manhattan is fifteen stories in height and covers a plot fronting 121 feet on Forty-second Street, 200 feet on Madison Avenue and 117 feet on Forty-third Street.

### GOTHAM NATIONAL CLUB GOES IN FOR BOWLING

Charles H. Banning, vice-president of the Gotham National Bank of New York, has not stated definitely that he stands ready to meet all-comers on any bowling alley anywhere, but that is the belief in bank sporting circles. Mr. Banning, at least, is the undisputed champion bowler of the re-organized Gotham National Club, which recently held a most successful tournament.

### MECHANICS & METALS—N. Y. PRODUCE EXCHANGE NATIONAL MERGER

A merger of the Mechanics and Metals National Bank and the New York Produce Exchange National Bank, both of New York City, has received the Comptroller's approval

and is now in effect. The latter named institution loses its identity but gives the Mechanics and Metals National a total of nine branches in addition to the main office at 20 Nassau Street. The combined capital, surplus and profits now approximates \$25,000,000 and the deposits exceed \$200,000,000.

### BULLETS CANNOT BREAK NEW GLASS FOR BANKS

A demonstration in the efficacy of bullet-proof glass for cashiers' cages as a means of thwarting hold-up men, was held in the shooting gallery of New York's Police Headquarters recently. The demonstration, which was attended by representatives of twenty-four banks, was a great success.

Experts of the police department, standing three feet from the new glass, fired ten shots from a 38-calibre automatic pistol at it without one bullet going through the pane. Later a full clip from a 45-calibre automatic failed to penetrate the glass. All the leaden bullets were flattened, while the steel shells either were imbedded in the pane or fell to the floor. The glass was dented and cracked into fine hair lines, but did not fly.

The glass is being put on the market by the Bankers' Protective Appliance Corporation. It consists of two pieces of plate glass between which is placed a sheet of pyralin. The glass is then welded together under high temperature and tremendous pressure.

### PHILADELPHIA NATIONAL BANK

On June 30, 1920, this bank had total resources of \$169,693,155.06. On the same date deposits were \$106,495,021.05. The bank has a capital stock of \$5,000,000 and surplus and net profits of \$10,779,066.14.

This bank is twelfth in point of age in the United States and sixteenth in point of size.

### FOURTH STREET NATIONAL BANK

Total resources of the Fourth Street National Bank, Philadelphia, were at close of business, June 30, 1920, \$79,556,737.92. On the same date deposits were \$56,330,785.47. This bank has a capital stock of \$3,000,000 and surplus and profits of \$7,840,744.88.

The officers of this bank are as follows: President, E. F. Shanbacher; vice-president and cashier, R. J. Clark; vice-presidents, W. K. Hardt and W. R. Humphreys; assistant cashiers, C. F. Shaw, Jr., G. E. Stauffer, W. A. Bulkeley and A. MacNicholl.

# New England States

## ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

**T**HE RADICAL readjustment of prices is strikingly evident in at least two of New England's leading industries—shoes and wool. The great Boston shoe market, early in July, reached a point of stagnation that was almost unprecedented, and, naturally, that same condition existed all through the leather trade. The wool market slumped badly on the heels of the forced reductions of prices for clothing, and this same condition was felt throughout the whole textile industry. Much the same fundamental causes governed the courses of both big industries—the calling of loans by the banks and the raising of rates shook out the stocks of finished and raw material which were being held by speculators, while the refusal of the public to buy shoes and clothes at the ridiculously high prices brought about hundreds and thousands of cancellations of orders by retailers. Shoe sales at prices fifty per cent. under those of a few months ago have been numerous in the Boston district, and yet even at the new prices buying has not been heavy. Much the same condition exists in clothing and general textile lines. Furthermore, it is confidently predicted that prices are going to stay down, if for no other reason than the plain and simple one that it has been definitely established that the public will no longer stand for the high prices, even for such necessities as shoes and clothing.

The banks have handled the advances in money rates admirably. They have in no small measure put the screws on the speculative borrowers, without at the same time placing any obstacles in the way of the actual production and marketing of needed goods. It was predicted in some quarters that there would be an easing up in the money market before the middle of July, but at this writing there are few signs of the prediction coming true, and in a few weeks the call for crop-moving funds will still further discount any tendency toward easier money.

Generally speaking, business conditions

are good throughout New England. The credit manager of one of the largest department stores told the writer that "people are paying their bills. They are buying more conservatively than formerly and are paying more and more attention to 'wearing' qualities. They are apparently buying within their means and are, as I say, paying their bills promptly."

The abnormal activity in real estate is still much in evidence, but the peak has been passed. This latter fact is due in large measure to the higher money rates and the heavy absorption of available mortgage funds. There is still a great shortage of rents, however, and almost any house that is habitable at all finds a ready sale.

Business failures are comparatively few and relatively unimportant, indicating no special strain in any section or industry.

The movement toward paying higher rates of interest on savings deposits—running all the way from  $4\frac{1}{2}$  to  $5\frac{1}{4}$  per cent.—is bringing a great deal of money into the banks. Around Boston the competition is especially keen.



## FACTS ABOUT THE WOOL INDUSTRY PUBLISHED BY FIRST NATIONAL BANK OF BOSTON

A very interesting booklet upon Wool and Wool Manufacture, written primarily for the layman, has been issued by the First National Bank of Boston. It is the work of James Paul Warburg of The First National's staff and follows the wool industry

### Park Trust Company

Park Building, 511 Main Street  
WORCESTER, MASS.

Capital ..... \$300,000

Surplus and Earnings ..... 170,580

Ralph H. Mann, President

J. Lewis Ellsworth, Vice-Pres. and Treas.

George E. Duffy, Vice-President.

Frederick J. Bye, Assistant Treasurer.

Send us your Massachusetts collections.

from the raising of the sheep to the marketing of the finished products.

According to the author the United States grows only about one-half of the wool consumed in this country and seventy per cent. of the wool imported comes into the United States through the port of Boston. About one-half of this amount, or thirty-five per cent. of all the wool imported into the United States is financed by the First National Bank of Boston, which is evidence that Mr. Warburg speaks with authority concerning the industry.

Part 1 of the booklet is devoted to the raw material and covers such subjects as sheep raising, shearing, and marketing of fleece wools and general classification of wools; part 2 covers the various processes of worsted manufacture; part 3 covers woolen manufacture; part 4 is devoted to the financial aspect of the wool industry. This section gives in brief the methods of financing from the raisers of sheep to the distributors of the manufactured products.

The booklet is written with as little technicality as is possible and contains only such statistics as are necessary for the adequate understanding of the subject. It is generously supplied with illustrations.

This booklet will be found of great interest to those who are engaged in any branch of the wool industry and to those indirectly connected therewith. Any such persons may obtain a copy by addressing the commercial service department of the First National Bank of Boston.

#### ELECTED PRESIDENT OF MANUFACTURERS' NATIONAL BANK OF CAMBRIDGE

Wilbur F. Beale, vice-president of the Citizens National Bank of Boston, and long identified with banking circles in Boston, has been elected president of the Manufacturers' National Bank of Cambridge. The



WILBUR F. BEALE  
President Manufacturers National Bank of  
Cambridge, Mass.

Manufacturers' National is a successful, rapidly-growing institution, well located in the Cambridge business district, and is certain of continued success under Mr. Beale's capable and experienced management.

#### BOSTON BANKER WILL AID IN INVESTIGATION OF POSTAL SERVICE

Charles G. Bancroft, president of the International Trust Company of Boston, has accepted a position on the advisory council of the Joint Commission on Postal Service, which is a strictly nonpartisan affair. He has done so with great reluctance, because of his own business responsibilities.

So great, however, has been the pressure brought to bear upon him by Senator Charles E. Townsend of Michigan, the chairman of the commission, and others prominent in business and public life, and so thoroughly has he come to realize the importance of the subject, that he feels that he must serve, as a patriotic duty.

In a general way, the act creating the commission provides that it "shall investigate all present and prospective methods and systems of handling, despatching, transporting and delivering the mails and the facilities therefor, and especially all methods and systems which relate to the handling,

#### Industrial Trust Co.

(Pawtucket Branch)  
PAWTUCKET, B. I.  
Capital ..... \$3,000,000  
Surplus and Undivided  
Profits ..... 5,809,190  
Chester A. Moffett, Mgr.  
Chas. L. Knight, Asst. Mgr.  
Ernest L. Moffitt, Asst. Mgr.

Collections on this city and vicinity  
collected and promptly remitted for at low-  
est rates. (Succeeded First National and  
Pacific National Banks of Pawtucket.)



## ***Deposit-Building Service for Banks***

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

# **The Merchants National Bank of Boston**

delivery and despatching of the mails in the large cities of the United States. On or before March 1, 1921, the commission shall make a report to Congress containing a summary of its findings and such recommendations for legislation as it may believe to be proper."

### **LARGE NEW PRINTING PLANT IN GREENWICH**

New York bankers who have been suffering from the serious situation in the printing industry will be glad to learn of the completion of the new home of the Arbor

Press in Greenwich, Conn. It will house the printing business of Douglas C. McMurtrie, a concern that does the printing for Columbia University, a majority of the work of the American Red Cross and also makes a specialty of high-grade printing jobs for banks. The plans of the Arbor Press include a training school to prepare workers for the skilled processes of printing and a housing plan for employees.

Douglas C. McMurtrie, president of the Arbor Press, is also president of the Federation of Associations for Cripples. Mr. McMurtrie, who studied at the Massachusetts Institute of Technology, started in the



The Arbor Press, Greenwich, Conn.

# H. M. WEBSTER & COMPANY

25 West 43rd Street, New York City

Public Accountants - Auditors - Production Engineers

AUDITS - SYSTEMS - TAX SERVICE  
FINANCIAL AND PRODUCTION MANAGEMENT

EVERY audit and investigation made by the company is directly under the supervision of its executives, men of mature experience and financial judgment with every facility of method and personnel to immediately adapt their service to bankers own peculiar needs.

Their reports are at all times trustworthy and reflect the utmost of modern efficiency in financial and commercial accountancy.

Telephone—Vanderbilt 1908



DOUGLAS C. McMURTRIE  
President, The Arbor Press, Greenwich, Conn.

ing business about six years ago with a  
ital of only a few hundred dollars. He

is greatly interested in the solution of difficult printing problems and goes to no er of trouble and expense to secure rare types and to import new type faces.

As a gifted writer, an eminent stylist, and a man of broad interests, he brings to his business a wealth of information and experience. The Arbor Press is a result of his initiative and confidence in his own ideas.

One of Mr. McMurtrie's chief interests is the problem of the physically handicapped. For the past decade he has held an important position among the authorities on the rehabilitation of the cripple. During the war he was an active publicist in behalf of the crippled soldier, and, as director of the Red Cross Institute for Crippled and Disabled Men, he waged a vigorous campaign to win for the cripple the unprejudiced consideration of the public. Mr. McMurtrie studied the rehabilitation work of the foreign experts so that, when America entered the war, he was able to give valuable advice to our own agencies that were preparing to return to economic independence the boys who returned disabled.

# Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

## ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By T. E. DABNEY

**T**HE farm labor shortage, while not as acute in the South as in the North and West, is beginning to make itself felt in the South, according to the June survey by the Federal Reserve Bank for the Sixth District. Not only is the labor scarce, it is inefficient. This coupled with the high wages, has caused the abandonment of thousands of acres of food crops, and will unquestionably be reflected in higher prices later on.

Lack of labor for adequate preparation, excessive rains, bad seed and a rush of the boll weevil have conspired against the cotton crop, the condition of which compares unfavorably with last year's. Georgia is in the worst fix, with a crop only 55 per cent. of normal. This compares with 81 per cent. last year. Louisiana's crop is the best—72 per cent. of normal, but last year it registered 78 per cent. Mississippi's crop is 65 per cent.—last year it was 73 per cent. And so on.

What cotton there is, however, seems to be well cultivated, and for the most part is more heavily fertilized than usual. The cotton planters did not make the mistake of the general farmers in overcropping themselves, a very easy thing to do in view of the labor situation.

In the centers, a surplus of labor in certain lines—principally domestic service—is developing. But the labor shortage in skilled lines is increasing. This is due principally to the tremendous building activity.

Strike troubles have aroused employers in several places to open-shop agitation. Such movements have been launched in New Orleans, Mobile and Galveston. Other cities are watching developments eagerly. There have been no definite results except talk.

After being out for three weeks, the carpenters in New Orleans settled their strike with a compromise in which employers did most of the conceding. The metal trades strike was still in effect when this was writ-

ten, for the employers were able to present a more united front in the open-shop matter. They have declared several times that under no consideration would they re-establish the former working system, by which the union was given the right to dictate who the employees should be.

Throughout the South generally, the retrenchment policy insisted upon by the Federal Reserve Bank has made itself felt. Many stores have put on sales, but the sales-prices are so much higher than normal that the people have held coyly off, according to the reports to the Federal Reserve Bank.

The volume of retail purchases is considerably above what it was this time last year, but not as great as it would have been if the Federal Reserve had not erected its stop-look-listen sign. Jacksonville showed the greatest restraint in buying, with only 18.9 per cent. more retail purchases in May of this year, than during the same month last year. Birmingham on the other hand showed an increase of 62.6 per cent. New Orleans 43.2 per cent. The average for the entire district was 23.3 per cent.

The increase in stocks averaged 30.4 per cent greater in May than for the same month last year. But stocks showed an 8 per cent. decrease in May over April, 1920; indicating that the retail business is close-reefed against the financial gale.

Except in Tennessee, there is a great increase in building activities. The activity is greatest in New Orleans.

Bank clearings show a general increase.

### Bank of Charleston N. B. A.

CHARLESTON, S. C.

Capital ..... \$ 500,000  
Surplus and Profits ..... 800,000  
Resources ..... 15,000,000

E. H. Pringle, Pres.

E. H. Pringle, Jr., Vice-Pres.

R. S. Small, Vice-Pres.

A. R. LaCoste, Vice-Pres.

G. W. Walker, Cashier.

J. H. Lucas, Assistant Cashier.

C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.  
Drafts on Charleston drawn with exchange remitted without charge.



## High Cost of Bank Building Reduced by the Higher Building Efficiency of the Underwood Plan

The shortest distance between two points is a straight line. No one, not even you, disputes that.

The less preliminaries necessary to start any building operation, lessens that operation just that much. Likewise, lessens costs.

The straight line plan of bank designing, planning and building, is the Underwood Plan. A plan founded on the result of years of

experience as bank building specialists.

The Underwood Plan cuts down costs, before they begin to cost. It is a plan that makes Mr. Underwood one of your building committee, having the intimate interest of your bank at heart.

A Plan, having the "pay-as-you-go" clause, as one of its most satisfactory features.

Write for figure facts.



*Underwood Contracting Corporation*

NEW ORLEANS, LA.



**Atlanta National Bank**

ATLANTA, GA.  
The oldest National Bank in the Cotton States

Capital .....	\$1,000,000
Surplus and Profits .....	1,500,000
Deposits .....	24,000,000
Robt. F. Maddox, Pres.	
F. E. Block, Vice-Pres.	
Jas. S. Floyd, Vice-Pres.	
Geo. R. Donovan, Vice-Pres.	
T. J. Peoples, Vice-Pres.	
J. S. Kennedy, Cashier.	

Nashville registers the greatest gain, with clearings 70 per cent. greater this year than last. The total for May is nearly \$101,000,000. Then comes Birmingham with a 66 per cent. increase—total, \$88,000,000; and Jacksonville, with 45 per cent. increase—total, \$55,000,000. The increase in New Orleans is 9.5 per cent. and Atlanta 1.5 per cent., the clearing being, respectively, \$271,274,884 and \$288,861,045.

Outstanding crop conditions may be summarized as follows: Louisiana, season several weeks late, stands poor, labor scarce.

Mississippi: Average 20 days late, fields grassy.

Tennessee: Conditions very unsatisfactory with planting probably the latest on record. Livestock industry dropping.

Georgia: Acreage planted only 89 per cent. of last year's. Pastures in excellent condition.

Apples better than the 10-year average.

Oats, acreage generally less.

Citrus fruit, about normal.

Rice, greatest acreage on record, with indications that the heavy production will cut the price considerably.



**NASHVILLE BANKS, SOON TO MERGE, ISSUE A COMBINED STATEMENT OF CONDITION**

In response to the Comptroller's call of May 4, 1920, the American National Bank and the Cumberland Valley National Bank, both of Nashville, Tenn., issued a combined statement of condition as well as individual statements. The physical consolidation of these banks only awaits the completion of new quarters in the Stahlman building, Nashville's largest office structure.

The resources of the combined institutions approximate \$30,000,000 and their deposits exceed \$18,500,000.

**BANK STATUTES OF VIRGINIA WITH 1920 AMENDMENTS PUBLISHED IN PAMPHLET FORM**

A carefully indexed pamphlet of Virginia's banking laws, with 1920 amendments, has been compiled and published by the banking division of the State Corporation Commission. This work should prove of value to bank commissioners of other states and to all those interested in the framing of new banking laws.

**GUARANTY FUND MAINTAINED BY TEXAS BANKS SHOWS STEADY GROWTH**

Notwithstanding the demands made upon it by the failure of nineteen banks since 1910, the Guaranty Fund of the State of Texas shows a steady growth. This fund was established by law ten years ago and is based on the belief that depositors of defunct banks are entitled to protection. The cost of this insurance has been \$304,-



*The Branch*  
Our first President

**Merchants National Bank**

RICHMOND, VA.

Capital . . . \$400,000  
Surplus and Profits over 1,750,000

The Gateway to and Collection Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**



The Security National Bank, Dallas, Texas

117.65 or .0096 per cent. of the principal.

The fund's total resources today are \$3,100,849.40.

#### MARWICK, MITCHELL AND CO.

Marwick, Mitchell & Co., accountants and auditors have announced the opening of an office in Louisville, Kentucky, under the management of Mr. R. W. Barton, formerly of their St. Louis office.

#### DALLAS BANK WILL REMODEL BIG HOTEL

Additions to and remodeling of the Southland Hotel building, Dallas, Tex., by the Security National Bank, will give Dallas the largest office building in the southwest. Herbert M. Greene, of the Herbert M. Greene Company, architects and structural engineers, has been authorized by the bank's building committee to draw up plans

and specifications for the proposed improvements. The cost of the completed structure will approximate \$1,000,000. Work will be begun on the rear portion of the hotel building when the present hotel lease expires Jan. 1.

The building committee contemplates the addition of four stories to the present hotel building, converting it into a modern office building, also the construction of a twelve-story building on the lot adjoining, making the total ground space occupied by the building 100x200 feet. When completed it will be equal in floor space capacity to a twenty-six-story building 100 feet square, exceeding in this respect any building in the Southwest. There will be elevator entrances on Main and Commerce Streets in the new twenty-five-foot building.

Full details have not been worked out as to the exact arrangement and equipment of the banking quarters. The following are the members of the building committee



**D. E. WAGGONER**  
President, Security National Bank, Dallas, Texas



**ERWIN HOBBY**  
Vice-President and Cashier, Security National Bank, Dallas, Texas

of the bank in charge of the operations: D. E. Waggoner, president; S. J. McFarland, vice-president; W. F. Skillman, vice-president; Edwin Hobby, vice-president and cashier; R. B. Stichter, vice-president; R. E. L. Saner, vice-president; W. T. Henry, vice-president, and W. A. Green.

**FORT WORTH BANKS SHOW TWO MILLION JUMP IN SAVINGS ACCOUNTS**

For six months the Fort Worth family has been dropping stray pennies and nickels and dimes in the tin savings bank. And so industriously has the family saved that banks are now carrying two million dollars in savings that they did not carry six months ago.

And as a reward for the industry of the family, one hundred thousand dollars was paid out in interest July 1.

The savings departments of seven Fort Worth banks report totals that reach well above the five million dollar mark. Of this, it is estimated that only a little more than three millions were in the banks six months

ago, showing a gain of two million dollars in round numbers. Six of these banks paid the semi-annual interest of two per cent. July 1.

The First National Bank, with savings deposits of \$2,010,000 leads. Other banks and their totals in round numbers are: Texas State Bank, \$1,250,000; National Bank of Commerce, \$276,000; Fort Worth State Bank, \$272,000; Fort Worth National Bank, \$1,571,000; Farmers & Mechanics Bank, \$501,000; Continental Bank & Trust Company, \$260,000.

**Atlantic Savings Bank**

CHARLESTON, S. C.

Capital .....	\$200,000
Surplus and Undivided .....	
Profits .....	297,270
Deposits over .....	3,698,000

Henry Schachte, Pres.  
J. H. Jahnz, Vice-Pres.  
Walter Williman, Cashier.  
A. C. Koster, Assistant Cashier.

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM B. WEBB, Asst. Cash.

### RICHMOND BANKER ENTERS TOBACCO BUSINESS

R. L. Gordon, vice-president of the Planters National Bank of Richmond, has resigned to become vice-president of the Universal Leaf Tobacco Co. Mr. Gordon will have charge of the Universal's international financial affairs.

### NEW PUBLICITY MANAGER FOR THE FOURTH NATIONAL OF MACON

The Fourth National Bank of Macon, Ga., announces the appointment of C. O. Carpenter as the head of its departments of publicity and new business.

Mr. Carpenter was formerly farm agent for the Bank of Jonesboro, Arkansas, and a member of the editorial staff of the Progressive Farmer. In addition to his regular duties as manager of the department of publicity and new business, he will give considerable attention to co-operating with the various agencies working for the development of the agriculture of Middle Georgia.

### NEW DALLAS BANK OPENS

Joseph E. Cockrell is president of the new Dallas National Bank which is now open for business with a capital of \$500,000 and a surplus of \$100,000. J. D. Gillespie, and O. C. Bruce are the vice-presidents; J. C. Tenison, cashier and John C. Jester and I. G. Glidden, assistant cashiers.

### Opelousas National Bank

OPELOUSAS, LA.

Capital .....\$50,000  
Surplus and Undivided Prof-  
its .....106,300

E. B. Dubuisson, Pres.

C. L. Dupre, Vice-Pres.

Chas. F. Boagni, Vice-Pres.

A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October  
1, 1903. Collections solicited.

### W. R. Rison Banking Co.

HUNTSVILLE, ALA.

Capital .....\$100,000

Surplus and Undivided Prof-  
its ..... 165,820

A. L. Rison, Pres.

Harry M. Rhett, Cash.

Collections will receive prompt attention  
and be remitted for on day of payment.  
Established 1866.

# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri.

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

**A**LTHOUGH the demand for money and credit still continues very large, as is indicated by the high total of rediscounts and notes in circulation in the Federal Reserve Bank's statement, the strain on individual banking institutions in this district appears to be lessening somewhat. This slight improvement is due more to the initiative taken by the banks themselves than to any other single factor. Customers are being informed when they make application for credit that no loans will be granted that are not absolutely necessary. The speculative and non-essential usage of credit is taboo. Applications are scanned closely and every discrimination exerted in the extension of new lines of credit. The banks are doing everything possible to bring about deflation in an orderly manner and at the same time put their customers on a healthy basis.

The 7 per cent. discount rate imposed by the Federal Reserve Bank of Chicago in the forepart of the month, generally was accepted by bankers and business men as notice that the reserve officials deemed it necessary that operations be restricted and the pyramiding of credits brought to a halt. Most every one in either a financial or commercial enterprise recognized that credit was over-extended and that there must of necessity be a day of reckoning some time, but only the wisest of them took steps to anticipate this settlement date, preferring to run along on a large scale and handle all the business possible and load up on stocks as long as they could, which meant as long as the banks would permit it. Seven per cent or even 8 and 9 per cent. is not a high rate to pay for money at the present time as long as the volume of business continues, but if endless credit facilities were granted it would only be a matter of time until there would be a violent shake-up made necessary by economic and monetary law.

The reserve bank officials have been loath

to unsettle business by an imposition of any severe restriction, but the pace had been too swift to warrant protracted leniency and the establishment of 7 per cent. as the discount rate of the Federal Reserve Bank became advisable. As was stated above this action, generally is accepted by business men as a warning and they have set about to curtail borrowing wherever possible.

Probably the most favorable development in this direction has been the liquidation of inventories, particularly on the part of dry goods merchants who have been carrying a considerable volume of merchandise on credit. These extraordinarily large inventories now are being liquidated in a satisfactory manner and this is bound to have a beneficial influence later as business generally will be in a more healthy condition.

It is believed that recent price reductions which were widely heralded as the beginning of the long awaited recessionary movement were the outgrowth of requests by banks that inventories be liquidated and a desire on the part of the merchants themselves to arrive at a sound foundation. The consensus of opinion among merchants is that there can be no permanent lowering of prices under present conditions and this is borne out, in part at least, by prices so far given out on goods for delivery during the last half of this year and the fore part of 1921. The situation in this regard is probably best presented by the head of a large mercantile organization doing a national business, but with headquarters in Chicago. In discussing the price situation this man, who is in close touch with a large number and varied lines of trade, summarizes his views as follows:

### Alexander Co. Nat. Bank

CAIRO, ILL.

Capital ..... \$100,000  
Surplus ..... 100,000

D. S. Lansden, Pres.


Chas. Feuchter, Jr., Vice-Pres.

J. H. Galligan, Cashier.

Frank Spencer, Assistant Cashier.

Send us your Cairo Items. Satisfaction  
guaranteed.

# To Bankers

HE Moline Plow Company's Dealers' Contract is an expression of our earnest conviction that our own success depends on our constructive development of the two chief elements of community service—Retailer and Bank.

We seek, therefore, to attract the most progressive merchant and the best bank in each community, by a contract with one, and a policy toward the other, which offer to both an unprecedented opportunity and a mutuality of interest and profit.

We shall be glad to answer the inquiries of any bank or merchant.

**MOLINE PLOW COMPANY**

Moline, Illinois

"Speaking broadly, commodity prices will not be lower before the spring of 1921, even if then. Not a few goods will be higher this fall than they are now. For more than six months every wholesaler has been contracting for his fall supplies at advanced costs. In many cases these goods could be replaced today, if at all, only at still higher prices.

"In certain lines, notably silks, prices had become inflated beyond reason. Reduced quotations in such lines are not symptomatic of the market as a whole.

"In order to think clearly one must discriminate between seasonable and staple merchandise. The cut-price sales now running over the country are confined mainly to spring ready-to-wear and kindred goods. As in every year when the coming of warm weather is late, retailers began cutting prices in May to avoid carrying the goods over.

"On staple merchandise there is only one legitimate reason why any retail merchant should sharply reduce his prices and that is the need of liquidation, even at a loss, in order to meet bank obligations. The store which, without such compelling reason, can now afford to make deep cuts in its prices on staple goods, by that very fact make public confession that it has been charging an illegitimate profit for its wares.

"Commodity prices in general are artificially high. They must come down. The sooner they come down the better for everyone. But nothing is gained by ignoring the plain fact that wholesale prices (and retail prices) depend on the cost of production. Until that comes down, talk about a lower level of prices is vain.

"The factors which will make for lower prices are undoubtedly gaining in momentum. The factors which make for higher prices are losing in momentum. But the latter are still in the ascendant, and no one can say when the price-cutting factors will become dominant.

"With higher prices for foodstuffs in sight for this fall, wages can not come down. There is an absolute shortage of the more important raw materials. The tie-up in rail and water shipping is depriving many mills of the materials they need to keep at work. It is a certainty that in most lines production still lags behind demand.

"We are in intimate and first-hand touch with all markets and it is our best judgment that the general level of commodity prices will rise somewhat before it starts on the inevitable decline.

First



Chicago

Developed through the growth and experience of more than half a century

## The First National Bank of Chicago

James B. Forgan, Chairman of the Board  
Frank O. Wetmore, President

and the

## First Trust and Savings Bank

James B. Forgan, Chairman of the Board  
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over  
**\$415,000,000**

## COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

### THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

*Capital and Surplus \$5,000,000*

"One sign of returning health is that in the last sixty days we note a greatly increased demand for the less expensive grades of merchandise—dependable quality goods at moderate prices—and a relative falling off in the demand for the higher-priced, 'fancy' grades which have been in such feverish demand for several seasons. We gather from this, and from what many customers have told us, that the mind of the buying public is changing. The average person seems to be returning to the habit of seeking a good article at a fair price rather than accepting the more expensive thing without question.

"There is no doubt that one fruitful cause of high prices has been this very preference of the public for merchandise whose cost lay largely in trim and finish rather than in those qualities which make for service and good taste. As always, supply has followed demand. Makers and retailers have concentrated on the 'fancy' ends of their respective lines at the expense of the more moderate-priced goods which are normally in greatest demand. Advances in 'fancy' grades of merchandise have been very much more marked than on the medium-priced grades, on which competition is always keen.

"In many retail stores the public has not been given a fair chance to buy moderate-priced merchandise. Either such goods have not been stocked or they have been kept in the background. This has served to give the public the idea that all goods have advanced equally, which is not the case.

"We think the policy of denying people the chance to buy medium-priced goods has been short-sighted. It certainly is wrong now when the public is again asking the price before it makes the purchase.

"We are advising our customers to bring to the show places in their stores the moderate-priced goods which they have in stock and to make such goods prominent in their advertising and show windows as they have not been made prominent in several years. We know that even in this day of high-priced merchandise it is possible for the trade to buy goods of dependable quality at moderate prices, for the very good reason that now, as always, we specialize in just such merchandise.

"So long as everyone who wants to work has a job at good wages, retail trade cannot be but good. We advise our customers to keep their heads. If overstocked on seasonable goods of "fancy" grades they will do



## Credit Inquiries

Our location and facilities enable us to keep in close touch with the credit standing of Eastern and Middle Western corporations and individuals. We invite your inquiry regarding Credit Service rendered our correspondents.

# The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, President

### BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice-President

S. P. JOHNSON, Assistant Cashier

HENRY MEYER, Assistant Cashier

R. V. KELLEY, Assistant Cashier

well, as always, to liquidate—at a loss if necessary.

“In staple merchandise, we distinctly recommend that prices be figured on the basis of actual value without respect to what individual overstocked or hysterical competitors may do.”

Considered from a broad aspect the situation in the middle west is fairly good. Business continues to run at a fairly large volume, except in a few lines, and much of the uncertainty that has prevailed during the last few months is passing, and some degree of confidence as to the future is returning. Here and there some unsettlement still is in evidence but nothing of a serious nature is likely to develop from any of these, in the near future at least.

Cattle and wool interests are troubled with some grave problems but these too are now working out satisfactorily. The cattle men's problems are the outgrowth of last summer's drought and a rather severe winter and spring, when cattle were fed with high-priced corn and the feeder had to suffer a severe loss in feeding operations. As the Chicago region is strictly a feeding territory, where most of the farmers purchase cattle for fattening and future sale, this meant a

rather mean blow in the agricultural districts. The farmer's credit was pretty badly shot as a result of heavy losses sustained in winter operations and the banks were forced to shut down on them at a time when the beef market was depressed and forced them to sell, incurring the large depreciation.

Three unusual factors combined against the wool people, these being the unparalleled dry spell of 1919, the doubling or trebling of the cost of wintering the flocks, and the unexpected collapse of the wool market at the moment of the gathering of the 1920 clip. The latter development carried prices far below the minimum necessary to liquidate existing sheep loans and cutting off further credits. As this article is being written this situation is in the hands of the banking interests who will, it can be confidently stated, devise a method of financing the industry until the wool market is stabilized and the usual financing facilities are opened.

The railroad and coal situations are probably the gravest problems on the horizon, either one of which might develop seriously later in the year, unless they are handled cautiously and wisely. The railroads are

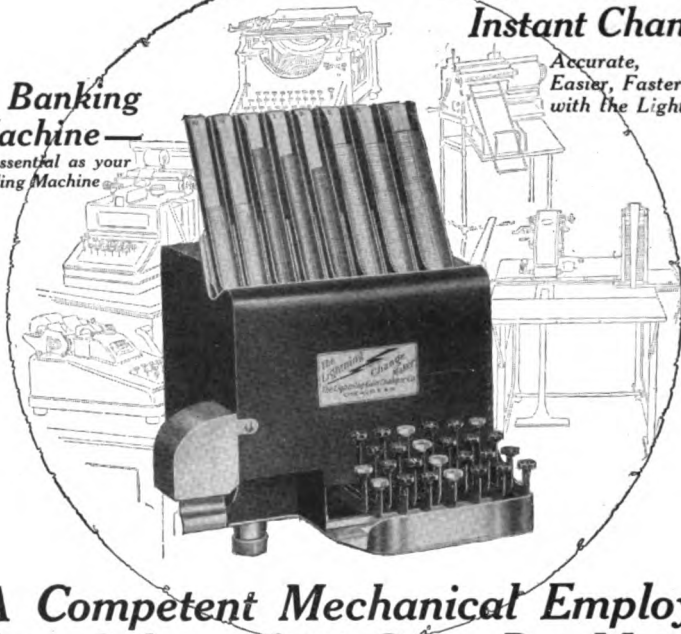
# Press Only Once!

## Instant Change

Accurate,  
Easier, Faster—  
with the Lightning

**A Banking  
Machine—**

as essential as your  
Adding Machine



## A Competent Mechanical Employee At a Salary of 80 Cents Per Month

What impression would your bank make if you were to return to the old methods of the time when adding machines, typewriters, etc., were not in universal use? Hard as it was then to demonstrate the labor and time-saving efficiency of such modern equipment, it now would be well-nigh impossible for you to dispense with it, even temporarily.

Labor and time saving is money saving. Handling coin—change making—is one of your teller's important duties. Why have him use valuable time to do the work a machine will do for him?

**Guaranteed  
For 10 Years**

You use an adding machine to figure accurately and quickly. You *SHOULD* use a Lightning to make change accurately and quickly.

**Write Us For  
Details—Today**

**The Lightning Coin Changer Co.** 34-36 West Lake Street  
Dept. A.M.7 CHICAGO, ILL.

short of equipment and constantly tied up by recurring strikes, and their service is way below normal. The sole hope in this direction is the granting of substantial increases in rates by the Interstate Commerce Commission, pending which the carriers and general business alike must worry along hoping for the best.

As regards fuel, however, there must be some definite action taken soon. Although the railroads, as shown by car loading statistics, are moving more coal than they did last year, stocks in industrial plants are depleted and many plants are running on a hand-to-mouth basis. There have even been some instances of shut-downs owing to lack of fuel with which to operate factories. Spirited bidding by industrial organizations has forced the price of coal to almost prohibitive levels, and in consequence the retailer who is responsible for the household-er's supply is unable to obtain coal in quantity, and it now appears that the public will suffer this winter, unless relief is afforded soon, to say nothing of the effect on industry generally. The railroads, however, are exerting every effort to relieve the situation, and perhaps they will achieve maximum results before the fall, which is absolutely necessary if business is to escape depression.



#### MICHIGAN BANKERS ASSOCIATION

The Michigan Bankers Association concluded its thirty-fourth annual convention by electing John W. Staley, president of the Peoples State Bank, Detroit, as president of the organization to succeed G. J. Diekema, of Holland. It recommended Detroit as its choice for the 1921 convention.

Other officers elected are: First vice-president, E. S. Bice, Marquette; second vice-president, H. H. Sangor, Detroit; treasurer, B. P. Sherwood, Grand Haven; members of the executive council, H. L. Baer, Hancock; H. A. Morrie, Muskegon Heights; T. C. Yates, Negaunee; E. J. Foster, Grass Lake; M. S. Resch, Benton Harbor; J. M. Rankin, Bad Axe.

Gus Hill, of Port Huron, was elected by members of the American Bankers Association, as a member of the executive council. The council named G. J. Diekema, of Holland, as a vice-president for Michigan.

The various sectional meetings of the American Bankers Association elected vice-presidents for Michigan as follows: Charles



## Out in the Northwest

A BANK with resources  
of over \$100,000,000  
—the leading financial in-  
stitution of its section—  
the logical clearing point  
for business intended for  
Twin City territory.

## First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars

H. Adams, Detroit; Charles H. Ayres, Detroit; Paul J. Ulrick, Mt. Clemens; E. N. Smith, Adrian.

In its resolutions, the association "approved of all proper regulation of any private business which affects in any way public welfare. But private property and the rights of private contract must be kept secure and inviolate." It contended that nationalization of the railroads, legislative control of prices in times of peace, government management of private business are opposed to our institutions and we condemn them.

The bankers, through their resolutions, also expressed a desire to cooperate with any movement tending to improve the business conditions which surround any Michigan industry and expressed an interest in the efforts to establish the Michigan Farm Bureau.

#### GEORGE K. REED JOINS STAFF OF EDWIN BIRD WILSON, INC.

Edwin Bird Wilson, Inc., of New York City and Chicago, announces that George K. Reed, who has been for a number of years



GEORGE K. REED

Manager Edwin Bird Wilson, Inc., Chicago, Ill.

manager of the Rand McNally Bankers Directory (Blue Book), has joined the Wilson organization and will take charge of the

#### Bank Manager Wanted

Good live man who can qualify for Branch Manager in large Detroit Bank. Good salary. Address X, Bankers Magazine, New York.

Chicago office and territory in the middle west.

Mr. Reed's first banking experience was with the bank of T. Mellon and Sons, now the Mellon National Bank of Pittsburgh. He left the Mellon Bank to become assistant secretary of the Colonial Trust Company of Pittsburgh, and at the time of the merger of the Colonial Trust Company, the Columbia National Bank, and the Germania Savings Bank, now the Citizens Savings Bank, Mr. Reed was made advertising manager of the allied institutions, in which position he remained until he accepted an offer from Rand McNally to handle their Blue Book.

About ten years ago Mr. Reed and Mr. Wilson, president of the company, were connected with banking institutions in Pittsburgh, whose buildings almost adjoined. Together they organized the Bankers Ad Association of Pittsburgh, which is now known as the Bankers Club. Both of them are graduates of Princeton University, having attended that institution at the same time.

Mr. Reed comes to Edwin Bird Wilson, Inc., with a large acquaintance among the bankers of the United States and with broad training in financial advertising, in which the company specializes.

#### NEW PRESIDENT MISSOURI BANKERS ASSOCIATION

Raymond F. McNally, vice-president and cashier of the National Bank of Commerce in St. Louis, was recently elected president of the Missouri Bankers Association. In addition to the presidency of the Missouri Bankers Association, Mr. McNally is president of the clearing house section of the American Bankers Association.

Mr. McNally was born and reared in Chillicothe, Mo., receiving his primary education in that city. At the age of thirteen he entered the Christian Brothers College in St. Louis, and was graduated in 1898 with the A. B. degree. Mr. McNally's father was the organizer and first president of the Citizens National Bank of Chillicothe, now



There are two times  
when you need an ac-  
count with the Commerce

*1st: When you have surplus  
funds*

*2nd: When you haven't*

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over \$95,000,000 —and making loans is part of our business.

## The National Bank of Commerce

IN ST. LOUIS

one of the largest banks in the northern part of Missouri. After his death, which occurred shortly after Raymond left college, the latter was elected cashier of the bank and held this position for fourteen years. In January, 1916, he left Chillicothe to become vice-president of the Mississippi Valley Trust Company, which position he resigned in February, 1918, to become vice-president of the National Bank of Commerce in St. Louis. Shortly afterward he assumed also the title and duties of cashier.

Mr. McNally has always been more than merely a "desk banker." His activities are broad along educational, religious, and civic lines. He conducts a class in practical banking in the School of Commerce and Finance at St. Louis University, and is a warm friend and supporter of the American Institute of Banking. For two years he served as State Deputy for the Knights of Columbus.

It was but recently Mr. McNally celebrated his fortieth birthday. Notwithstanding the high banking position already attained, he is still a young man in physique and forward-looking mentality.



R. F. McNALLY

President of the Missouri Bankers Association

## MICHIGAN BANKS THRIVING

Five hundred and twenty-three state banks, two industrial banks and ten trust companies doing business in the State of Michigan have reported as of May 4, 1920, and their showing is most gratifying.

A feature of "Bulletin No. 56" issued by Frank W. Merrick, the state banking commissioner, is the lengthy list of bankers exhibiting no overdrafts the day of the call.

## FIRST NATIONAL BANK IN ST. LOUIS CELEBRATES ANNIVERSARY

Through the generosity of Benjamin Gratz, a director of the First National Bank in St. Louis, the first anniversary of the institution (evolved from a consolidation of the St. Louis Union Bank, the Third National Bank, and the Mechanics-American National Bank) was fittingly celebrated Independence Day on a country estate dedicated to the use of the First National Bank Club.

Mr. Gratz has placed a beautiful fourteen-room house, located on a farm of 120 acres overlooking the Meramec River at Glencoe, Mo., entirely at the club's disposal, and it was here that the families and friends of the First National's employees gathered for a royal good time on July 4.

SOME NEWS ITEMS FROM THE  
COMMERCE BANKS OF KANSAS  
CITY

At the June board meeting of the Commerce Trust Company, W. A. Pickering, vice-president of the W. R. Pickering Lumber Company, was elected a director. He is also on the board of the National Bank of Commerce.

Townley Colbertson, vice-president of the Commerce Trust Company is the newly-elected treasurer of the Chamber of Commerce of Kansas City, Mo.

R. C. Mernefee, a vice-president of the Commerce Trust Company, has been appointed by Mayor Cowgill as a member of the hospital and health board of Kansas City.

The Commerce Trust Company has become the exclusive agent in Kansas City for the Metropolitan Life Insurance Company of New York for making first mortgage loans under a plan to relieve housing conditions. In many respects the plan is unique. They give preference to small loans and will consider none over \$6,000. Loans are made only on new property or that not over one year old. They will lend fifty per

cent. of the cost of the building plus half the value of the land. Fifteen years is the time and the borrower is required to pay only five per cent. of the principal each six months, although he is given the privilege of paying any multiple thereof or after three years he may pay the whole loan. The interest rate is six and one-half per cent. without commission.

STATE BANK OF CHICAGO PAYS  
DIVIDEND AND INCREASES  
CAPITAL

Directors of the State Bank of Chicago have voted a quarterly dividend of four per cent. on the new capitalization of the bank, payable July 1 to stockholders of record June 30. On June 15 the capital was increased to \$2,500,000.

## FRANK H. GAY

Frank H. Gay, for several years assistant secretary of the Detroit Trust Company, has recently become associated with the National Bank of the Republic of Chicago, as assistant trust officer of its trust department.

## RAILROAD BANK CHARTERED

A charter for the Brotherhood of Locomotive Engineers Co-operative National Bank, Cleveland, Ohio, has been approved by the Comptroller of the Currency. The bank is capitalized at \$1,000,000. Warren S. Stone, grand chief of the brotherhood, made the application for the charter.

PREDICTS CONTINUED HIGH  
PRICES FOR MEATS AND  
LOWERED INCOMES

Gates A. Ryther, vice-president of the Drovers National Bank of Chicago, says: "In my opinion the prices of beef will remain high for some time to come owing to the present shortage of cattle and the continued high price of corn. A great many farmers have recently sold their cattle after feeding them six months or more, and find the result to be a loss of \$20 to \$75 a head. It usually takes the farmer, that is the man who feeds from one to three loads, some little time to forget his experience and as a result he will not again enter the feeding field for a year or two. This of course will tend greatly to make higher prices.

"The corn crop will be less than last year



## Directors with Broad Business Experience

N. A. McMILLAN WALKER HILL THOS. H. WEST F. O. WATTS, President  
 EUGENE H. ANGERT, Attorney at Law  
 W. C. ARTHURS, Mt. Vernon Car Mfg. Co.  
 JAMES F. BALLARD, Manufacturer  
 Proprietary Medicines  
 JOSEPH D. BASCOM, Broderick & Bas-  
 com Rope Co.  
 JOHN I. BEGGS, St. Louis Car Co.  
 WILLIAM K. BIXBY  
 ROBERT S. BROOKINGS, Washington  
 University  
 GEO. WARREN BROWN, Brown Shoe Co.  
 AUGUST A. BUSCH, Anheuser-Busch  
 L. RAY CARTER, Carter Commission Co.  
 EPHRON CATLIN  
 B. B. CULVER, Wrought Iron Range Co.  
 W. H. DANFORTH, Ralston Purina Co.  
 JOHN T. DAVIS  
 F. B. EISEMAN, Rice-Stix Dry Goods Co.  
 JOHN D. FILLEY, American Mfg. Co.  
 PHILIP B. FOUKE, International Fur  
 Exchange  
 JOHN FOWLER  
 S. H. FULLERTON, Chicago Lumber &  
 Coal Co.  
 WARREN GODDARD, Wholesale Grocery  
 BENJ. GRATZ, Warren, Jones & Gratz.  
 JOHN L. GREEN, Laclede-Christy Clay  
 Products Co.  
 NORRIS B. GREGG, National Lead Co.  
 E. W. GROVE, Paris Medicine Co.  
 JACKSON JOHNSON, Internat'l Shoe Co.  
 ROBERT McK. JONES, Dry Goods Com-  
 mission  
 JOHN B. KENNARD, J. Kennard & Sons  
 Carpet Co.  
 H. H. LANGENBERG, Langenberg Bros.  
 Grain Co.  
 W. A. LAYMAN, Wagner Electric Mfg. Co.  
 J. Y. LOCKWOOD, Southern Coal, Coke  
 & Mining Co.  
 E. K. LUDINGTON, Chase Bag Co.  
 EDW. MALLINCKRODT, Mallinckrodt  
 Chemical Co.  
 E. D. NIMS, Southwestern Bell Telephone  
 System  
 H. L. PARKER, Emerson Electric Mfg. Co.  
 JOHN F. SHEPLEY, St. Louis Union  
 Trust Co.  
 MOSES SHOENBERG, May Department  
 Stores Co., Sydney M. Shoenberg Securi-  
 ties Co.  
 A. J. SIEGEL, Huttig Sash & Door Co.  
 G. W. SIMMONS, Simmons Hardware Co.  
 W. D. SIMMONS, Simmons Hardware Co.  
 M. E. SINGLETON, Missouri State Life  
 Insurance Co.  
 JAMES E. SMITH  
 J. CLARK STREETT, J. D. Streett & Co.  
 M. B. WALLACE, Cupples Company,  
 Union Bag & Paper Co.

**Capital & Surplus \$15,000,000**

**Total Resources \$170,000,000**

owing to the difficulty of farmers obtaining labor and the decrease in acreage planted.

"It is a source of wonder that more single or married men do not desert the cities where they make a bare living and take a position offered by farmers at good wages and practically no expense. There is every inducement for the married man to locate on the farm where rent, garden, cow, pigs, chickens, etc., are allowed in addition to wages. These same people who are now enjoying the temporary high salaries in the city will be paying high prices for their meat in the future and will perhaps experience a reduction in income."

### WILSON, OF WILSON & CO., OBTAINS CONTROL OF A CHICAGO BANK

By the purchase from P. J. Harmon of 1,200 of the 2,000 shares of capital stock of the Stockmen's Trust and Savings Bank of Chicago, Thomas E. Wilson, president of Wilson & Co., packers, and his associates have obtained control of that bank. Mr.

Harmon has retired as president and is succeeded by E. J. A. Gold, who has been cashier for several years. Wellington Leavitt, Jr., becomes cashier. The negotiations for Mr. Wilson were conducted by Thomas F. Chamberlain, vice-president of the Depositors' State Bank who will become one of three additional directors of the Stockmen's institution representing the new interests.

### FIRST NATIONAL OF CHICAGO INCREASES CAPITAL FROM \$10,000,000 TO \$12,500,000

The stockholders of the First National Bank of Chicago have ratified the directors' proposal to increase the capital stock from \$10,000,000 to \$12,500,000, the additional stock to be sold to stockholders at \$100 a share. The proposal to issue \$1,250,000 additional stock of the First Trust and Savings Bank, all of whose stock is held in trust for stockholders of the national bank, also has been ratified, and such additional stock will be declared as a stock dividend.

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# Western States

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## ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

**G**RATIFYING improvement in the condition of crops and pastures is not overshadowing entirely the restraining influence of tight money and shortage of cars in the business of the Western states. The harvest of wheat in the winter wheat states, which has extended into Nebraska, together with the progress of other crops, is imparting a more cheerful feeling, but credit and transportation handicaps are too great to permit the development of general buoyancy.

With banks heavily loaned up on the whole and with marketing of new crops already garnered impeded by the difficulty in obtaining credit and cars, business cannot move forward with any momentum. This is the situation in the Western States. Wool furnishes an interesting example of the discouragement prevailing in many districts even with good crops. The Western States, notably Wyoming, Montana and New Mexico, are seriously affected by the depression prevailing in the trade in wool. Having sheared millions of pounds of the fleece, the Western States ought to be enjoying a flow of money representing the proceeds of the sale of the clip. Loans made by flockmasters in the past year should now be in the process of liquidation from the sale of wool, the production of which in Wyoming alone last year amounted to \$4,026,000 pounds. But it is difficult to sell wool at almost any price, growers have been meeting with bankers to obtain assistance in holding the fleece for a better market and there is in consequence no flow of new crop wool money of any volume into this territory. The West is becoming reconciled to a lower market for wool, but it does not want to sell its clip at less than half the prices which prevailed a year ago. In the meanwhile, business over the immense areas interested in sheep and wool is almost at a standstill.

Of course, the market for wool is more seriously depressed than the trade in any other commodity, but the Western States

are experiencing difficulty in realizing with normal promptness on other crops. Kansas, Nebraska and Oklahoma are crying for cars to move old and new wheat. The state of Kansas is entering the new wheat crop year with 25,000,000 bushels of the 1919 harvest still awaiting sale, the largest carry-over in history. Large supplies of hay and sorghum grains of the 1919 harvest are also unsold, and the movement of the first cuttings of alfalfa is being held in check by the lack of cars. The unsold 1919 harvests and the heavy yields already garnered or in prospect for this season mean much new wealth and will strengthen the purchasing power of producers. So long as the sale of the crops is

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slow, however, and so long as banks cannot extend new credit on a liberal scale, the Western States will find it necessary to limit trade. If railroads provide more cars, business will improve to that degree.

It is obvious that, in the event railroads enable the Western States to move their crops to markets in large volume, which does not appear highly probable just now, bankers will continue to counsel caution in the use of credit. Kansas, Nebraska and Oklahoma bankers in particular are eager to enlarge their reserves and to avoid a repetition of the strain which they have been experiencing for some months. The attitude of bankers in the northern portion of the West is practically the same.

In the winter wheat states, campaigns to insure the safe storing and stacking of wheat on farms are being pushed by bankers, millers, dealers and state and federal agricultural workers. It is felt that farmers will be unable to dispose of their grain as rapidly as usual, hence the efforts to reduce damage and deterioration to a minimum.

Almost ideal weather has prevailed for the harvest of winter wheat. The yield in Kansas probably will exceed 115,000,000 bushels of wheat. The first sales of the new grain in Texas and Oklahoma have revealed a high quality. The berries have been filling out well in Kansas. New oats are moving, but the yield is not heavy. In the Dakotas and Montana spring wheat is making excellent progress. The acreage is smaller than last year. A year ago Montana and Wyoming were suffering from drought; today these states are amply supplied with moisture. Corn in Kansas, Oklahoma and Nebraska needs more rain, but dry weather is preferred for the present in order to enable farmers to put their wheat away safely. Corn has made a fine start in the Northwest.

Colorado has an abundance of water in irrigation ditches. Cotton is improving in Oklahoma, which reports a higher condition for that crop than any other state.

Pasture conditions are uniformly good. This is of great importance throughout this territory. It means that cattle and sheep will carry more meat when marketed. Kansas and Oklahoma are shipping grass-fat cattle to markets a month earlier than last year as a result of the abundance of pasturage. Cattle and sheep in Montana and Wyoming will be rather late, however, owing to the drought of last year and the severe winter and spring of recent months. The Northwest lamb crop is lighter than last year, but production in New Mexico and neighboring states shows an increase.

So far as markets are concerned, the brightest condition prevails in wheat. There is confidence in a huge European demand for the bread grain, and while prices eased off moderately the past month, the market was never before so high at this season. Bankers are urging the early restoration of wheat future transactions to provide hedging facilities to increase the safety of wheat loans. Bids of \$2.60 a bushel for No. 1 hard or red winter wheat are being sent from Kansas City for shipment any time within the next sixty days. Exporters are paying a higher figure, and some dealers hold contracts with foreign buyers for the delivery of new wheat up to the close of September at prices averaging more than \$3 a bushel. Predictions are heard that the bread grain will advance to \$4 a bushel before the end of the crop year which opens with July. The first car of new oats sold at Kansas City at \$1.12 a bushel, the highest price in history. Corn is abnormally high, owing to the shortage of cars. Hay prices are exceptionally high for this season.

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irregularly. Sheep and lambs are \$1 to \$4 lower than a year ago, owing in part to the depression in wool. Farm sheep raisers have been liquidating holdings because of discouragement over the outlet for wool. Grass cattle display an easy tone, despite the fact that corn-fed offerings, which are scarce, are about \$4 higher than a month ago. Cattle hides are weak. Hogs are tending upward, with increased export business reported. Recent advances in foreign exchange rates have helped the export trade in provisions. Horses and mules are weak. Prices of cattle and sheep depend to a considerable extent on the ability of banks to finance purchasing for feeding the coming fall and winter. The credit situation promises to force some liquidation of this stock by rangemen, especially in the Northwest, where the losses of the past year have created rather an unhealthy condition in live stock financing.

Industrial and mercantile enterprises are experiencing spotted conditions. Retail trade is less active, but the laboring classes are still free spenders. The lumber business is dull, with sharp declines in prices. New building operations are slowing up

everywhere. Unsatisfactory conditions prevailing in the copper mining districts. The movement of coal from mines is seriously restricted by the lack of cars. Automobile dealers are experiencing a serious contraction in sales. The oil industry has enjoyed some improvement the past month through advances in prices of gasoline and other refined products. Crude oil held steady, with production showing a further increase. The income from oil in the Western States was never so great as at present. Oklahoma has advanced to first rank in production of oil. Flour mills have not made the usual volume of contracts for new crop flour, owing to uncertainty over prices.

Demands for funds to finance the winter wheat harvest, which entails the use of hands receiving \$6 to \$7 a day, and the added strain resulting from the depression in wool have prevented improvement in the position of banks. By discouraging buying of new crops from producers for the purpose of making accumulations at terminals, the new crop financing requirements will be reduced sharply by bankers.

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### OLIVER W. BELDEN

Effective June 4, 1920, Oliver W. Belden was elected president of the Bank of Fergus County, Lewistown, Montana, succeeding James E. Woodward. Mr. Woodward is retained on the board of directors.

### CENTRAL UNION TRUST CO. OF DENVER HAS NEW VICE-PRESIDENT

The trustees of the Central Union Trust Company of Denver have elected Theodore Gardner Smith a vice-president of that company, thereby filling the vacancy in the senior vice-presidency which has existed since George W. Davison succeeded the late James N. Wallace as president.

In order to accept the new position Mr. Smith has resigned his position as president of the International Trust Company of Denver. He has been identified with the bank-

ing business in the West for the last thirty years. During the years 1915 and 1916, Mr. Smith was president of the Colorado Bankers Association, and he is at present an active member of the American Bankers Association.

### CHANGE OF NAME

The Daly Bank & Trust Company of Butte, Mont., will henceforth be known as the Metals Bank and Trust Company.

The capital will be increased and the officers will be C. J. Kelly, chairman of the board; J. E. Woodward, president, and John D. Ryan, vice-president.

Mr. Woodward, the new president, has been president of the Fergus Bank of Lewistown for the last four years. He was formerly a resident of Butte and has been in Montana for the last fifteen years. Mr. Woodward has resigned his office with the Lewistown Bank.

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# Pacific States

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Arizona and Alaska.

## ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

**T**HROUGHOUT the Pacific Coast states conditions are fairly satisfactory from most points of view. The most important feature of wholesale trade is the gradual clearing up of the transportation situation and less difficulty is being experienced in getting goods. Business is active and collections excellent.

Bankers in the Northwest are preparing to finance a wheat crop of more than eighty million bushels. In California field crops are spotted, and in some sections will not even be harvested. Winter wheat was about sixty-five per cent. of normal the first of the month. Fruit crops have also suffered from unfavorable weather conditions. Greater acreage is being planted to rice this year in spite of the fact that difficulty is expected in securing a sufficient quantity of water for irrigation. The supply of water in the ranges is lower than for several years and power companies are urging conservation of water.

The crop situation in Montana, which has suffered considerably from drouth during the past two years, is more promising this year. Coast lumber business is active and profitable; prices, however, have showed some decline.

Growers are somewhat concerned about the scarcity and cost of labor and the shortage of cars. Concerning transportation facilities, the Southern Pacific Company says that "though a car shortage is inevitable and property will not be handled perhaps as promptly as desired, practically all the perishable and seasonable goods will be got through, and the non-seasonal cared for in due course."

During the past few weeks there has been some decline in the real estate market. The demand for houses is also not so insistent, which may be ascribed to some extent, however, to summer vacations which are taking many people out of the cities.

## BANK OF ITALY SHOWS INCREASED RESOURCES

The Bank of Italy of San Francisco, Cal., in its statement of conditions as at close of business June 29, 1920, shows an increase in total resources of over thirty-six millions in the year from June, 1919, to June, 1920. The increase in the half year from December, 1919, to June, 1920, was in round figures six millions of dollars. The total figure on June 29 was \$143,838,457.52, and the total number of depositors was 205,149. On the same date the total resources of the various affiliated banks of the Bank of Italy, the stock of which is owned and controlled by the Auxiliary Corporation, amounted to \$37,032,441.18, which gave the Bank of Italy with its affiliations total resources of over \$180,000,000. Deposits on the same date amounted to \$129,599,593.18.

## INCREASES ITS CAPITAL

Stockholders of the Union Bank and Trust Company of Los Angeles have voted an increase of stock amounting to \$250,000. The Union Bank and Trust Company is now capitalized for \$1,000,000.

## SEATTLE BANKS GROWING RAPIDLY

According to a statement prepared by John E. Price & Co., dealers in municipal and corporation bonds in Seattle, the banks and trust companies in that city have gained net deposits of \$2,485,717 since March 1, 1920.

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# Canada

## ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

**T**HE GROWING interest of Canadian banks in foreign fields has again been indicated by the announcement that arrangements have been completed for the opening of a branch of the Bank of Nova Scotia at 55 Old Broad street, London. This makes the second Canadian bank to open in the great international banking centre since the end of the war, and there are now seven of the country's big chartered institutions directly represented in and about the great Threadneedle Street—the Bank of Montreal, the Canadian Bank of Commerce, the Royal Bank of Canada, the Union Bank of Canada, the Dominion Bank and the Merchants Bank of Canada besides the Bank of Nova Scotia.

The missionary work being done by these banks in international fields has largely to do with the expansion of Canadian trade. The new association of the Bank of Montreal with the Colonial Bank, owned and controlled by Barclay's Bank, London, and the opening of the Havana branch of the Canadian Bank of Commerce, have been other events of the current year indicating the trend of development of Canada's banks in opening up or developing foreign markets.

The policy of the Bank of Montreal, as indicated by association with the Colonial Bank, has been to get a connection in the West Indies, without establishing branches far afield. On the other hand the Royal Bank and the Bank of Nova Scotia are very active in the West Indies and Central and South America. The argument that these activities would result in taking capital out of Canada has been met by E. L. Pease, general manager of the Royal Bank, who points out that deposits at these foreign points are in excess of commercial loans.

This contention with regard to foreign expansion is emphatically borne out by the last bank statement which shows that during the month of May foreign deposits increased by \$17,860,000, while commercial loans

abroad were actually reduced by over \$1,000,000. As compared with a year ago foreign deposits have increased by \$123,500,000 while the loans have only increased by \$56,500,000. In fact, the total foreign deposits of \$345,000,000, as compared with loans of \$185,000,000, would indicate that the foreign branches have made available to the Canadian borrower over \$160,000,000.

\* \* \* \* \*

The tendency on the part of the Canadian banks to curtail commercial credits, particularly for speculative purposes, is indicated in the fact that during May there was a contraction of over \$1,800,000 in current loans but when it is pointed out that the advances to trade and industry were still over \$277,000,000 greater than a year before and that during May of 1919 there was a contraction of over \$36,000,000 it seems clearly established that the statements by the banks that agriculture would be well cared for and legitimate trade and industry would not suffer have been well substantiated.

But perhaps still more significant in regard to Canada's banking position is the fact that there was a contraction of approaching \$3,000,000 in gross assets and of nearly \$8,000,000 in gross liabilities during the month. These amounts are not large but when it is stated that the totals in both cases are approximating \$500,000,000 larger than a year ago the significance of the new trend is evident. The change has been brought about largely by the reduction of liabilities to the Dominion Government by

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nearly \$45,000,000 in the month, this representing the cancellation of advances under the war measures act. This account, totaling \$216,000,000 at the end of May, was still \$102,000,000 larger than a year before, but the material reduction made in one month must be regarded as encouraging and was no doubt enabled through the curtailing of current loans and an increase of \$12,500,000 in deposits in Canada in addition to the increase of \$17,860,000 in foreign deposits. It is also significant that balances in banks of the United Kingdom were reduced by \$5,788,000, loans on public securities by \$9,638,000, loans on railway securities by \$2,789,000, and Canadian call loans by \$6,530,000, in addition to lesser reductions in provincial loans and commercial credits abroad. Call loans abroad were, however, increased by \$7,734,000 and were \$56,787,000 larger than a year before.

\* \* \* \* \*

To the writer the general manager of one of the big Canadian banks expressed the opinion that the banks are opening altogether too many new branches. He is inclined to the view that competition is being overdone and that it is largely responsible for the fact that it is unnecessarily difficult to get efficient staff organization. Supporting this theory is the fact that over 900 new branches were opened through Canada during 1919 and the total can be made 1,000 from the signing of the armistice to the beginning of the present year. Five months of the current year show an additional 243 offices opened and only 17 closed and the fact that there were 49 of these opened in May, up to the average of the five months, would indicate that there is no weakening in the competitive race for business.

From time to time the argument has been

used that bank consolidations in Canada have tended to restrict service to the public but this has little weight in the face of such actual figures.

\* \* \* \* \*

An agitation in the Canadian Senate to advance the rate of interest on deposits in government savings banks to four per cent. has not been very seriously considered in banking circles, although it is recognized that such a step would probably force similar action by the banks. Politicians who have raised the point emphasize that while depositors only receive three per cent. on their deposits the government pays five per cent. and more on its bond borrowings. In reply to the Senate it was pointed out that in France and England no interest is paid on deposits and in the United States the rate is not as high as that prevailing in Canada.

What is of more practical importance, however, is the argument of the bankers that an advance in the rate would undoubtedly be followed by increased charges for banking service on loans and discounts. This, it is argued, is a factor in the cost of doing business and would be just another spoke to strengthen the wheel of advancing prices. The great bulk of the people would undoubtedly suffer more in the long run by indirect effects than they would benefit from the higher interest income.

An advance in interest rates is of course not an impossibility, but it is more likely to come about as a financial development rather than by act of parliament. If investment possibilities become such that bank deposits are drawn upon heavily then the banks might be forced to consider a higher rate to secure desired capital. For the present, however, there is little indication of this.



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The experiment of the government of Manitoba in accepting deposits as a means of securing funds for agricultural loans and the application for a charter for the Bank of Alberta has been followed by the issuing of a charter to the Great West Bank which is backed by a number of prominent business men of Saskatchewan. These developments are being followed with interest by students of the banking situation in Canada who have noted the general tendency in Western Canada to test the strength of the Eastern banking connections.

Although the high prices which have prevailed for agricultural products during the past few years have meant prosperity in the West and have enabled many farmers to discharge their obligations and become depositors rather than borrowers, bankers have little apprehension as to the Western banks proving a material factor in the situation. They point out that even to-day Western deposits provide little if any margin over Western borrowings and that, in fact, loans could not be made on such a large scale, particularly during the crop season, without the larger resources represented by

Eastern money. They are firmly convinced that in a country of such great area and with such varied interests as Canada the national banks, with branches in all parts of the country, are best able to maintain the mobility of the country's finances and to provide the Western farmers with necessary funds when they are most needed as well as employ surplus deposits to advantage after harvest.

Although there is a more or less general feeling in Western Canada that the banks serve Eastern manufacturing interests first, there appears to be little evidence of this and recently when there was a tendency to curtail commercial credits every effort was still made to help the farmer increase production; in fact General Manager Bell of the Bank of Hamilton recently made the statement that so far as his bank was concerned farm loans were more than double what they were at the same time last year and were still being extended. Bankers generally recognize that the crop is the greatest factor in Canada's prosperity and that it would be a very short-sighted policy which would discourage farmers in any way.

**CANADIAN BANKS MAKE GAIN  
IN DEPOSITS**

The May Canadian bank statement shows that savings deposits in Canadian chartered banks continue to increase, being \$19,498,000 greater than those for April and nearly 123,000,000 greater than those for May, 1919. Deposits in branches outside of Canada also increased about \$18,000,000 during the month.

**BANK OF HAMILTON ISSUES 10,000  
NEW SHARES OF STOCK**

One million dollars of new capital has been raised by the Bank of Hamilton through the issuance of 10,000 new shares of \$100 each, which have been allotted to present shareholders at \$150 per share in the proportion of one new share for every four held.

**CANADIAN SAVINGS**

The approximate amount of savings deposits in Canadian banks, loan associations, credit unions, etc., as compiled by L. D. Woodworth, secretary of the savings bank section of the American Bankers Association, from unofficial sources, is as follows: Post office savings banks, \$43,000,000; government savings banks, \$13,600,000; Quebec savings banks, \$50,000,000; loan and savings companies, \$65,000,000; provincial rural credit associations, \$1,700,000; trust deposits with trust companies, \$30,000,000; chartered banks, \$1,300,000,000. Total, \$1,503,300,000.

**THIRTY-SIX BRANCHES OPENED IN  
MONTH OF JUNE**

Returns from the various Canadian chartered banks indicate that during the month of June there were thirty-six new branches opened and only one branch closed, which makes a net gain of thirty-five new branches. The Royal Bank was the most active, opening six branches, while the National, Montreal and Provincial opened five each, the Commerce, Merchants and Nova Scotia three each; Hochelaga and Sterling two each and the Hamilton and Union one each. Following is a list of the branches opened:

Commerce—Princess and Clergy streets, Kingston; Kingston, N. S. (formerly a sub-agency, now a branch); Staffor street and Grosvenor avenue, Winnipeg.

Hamilton—Enderby, B. C.

Hochelaga—St. Elzear-de-Laval, Que.; Hemmingford, Que.

Montreal—Listowel, Ont.; City Hall Square, Hull, Que.; Stock Yards, Calgary; Granville and Nelson streets, Vancouver; Douglas street, Victoria.

Merchants—Toronto, Broadview and Danforth Kagawong, Ont. (sub-agency); Calgary Stock Yards.

Nationale—Montreal, Cherrier and St. Hubert, Que.; Port Alfred, Que.; Howick Station, Que.; St. Eugene-de-Guiges, Que.; L'Anse-St.-Jean, Que.

Nova Scotia—Port Carling, Ont.; Sheet Harbor, N. S.; Linstead, Jamaica.

Provincial—St. Eusebe de Temiscouata, Que. (sub to St. Pascal); Lac Megantie, Que.; St. Faustin, Que. (sub. to Ste. Agathe des Monts); St. Ignace de Lac (sub. to St. Barnabe); Paquetteville, N. B. (sub. to Bathurst).

Royal—St. Catharines, East End; Walkerville, Ont.; Sherbrooke, King and Willington; Sherbrooke, Belvidere and Drummond; Winnipeg, Portage avenue Centre; Alice Arm, B. C.

Sterling—Wilno, Ont.; Aurora, Ont.

Union—Oshawa, Ont.

The figures following show the number of branches opened since the beginning of the year:

January .....	48
February .....	38
March .....	59
April .....	49
May .....	49
June .....	36
	279

Since the signing of the armistice the number of new branches opened was 1,398.

1918	Opened
November .....	58
December .....	145
1919	
January .....	102
February .....	106
March .....	129
April .....	104
May .....	84
June .....	62
July .....	44
August .....	68
September .....	65
October .....	74
November .....	46
December .....	32

1920	
January .....	48
February .....	38
March .....	59
April .....	49
May .....	49
June .....	36

1,398

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SEVENTY-FOURTH YEAR

AUGUST 1920

VOLUME CI, NO. 2

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## Reflections on the Political Situation

**B**ANKERS have about the same political prejudices as other folk. Contrary to the opinions which sometimes find currency to the effect that they are solidly lined up for this or that party or candidate supposed to represent the "money power" or the "financial interests," they divide on politics and about other things just like the rest of the community. They may have a clearer perception and sounder judgment regarding economic issues in general than some others, but when election day rolls round they are just as likely as not to let party predilection determine their vote rather than to follow the superior insight they have into economic matters. It is an entirely safe assumption that in the campaign of the summer and fall bankers will be as much divided on the issues as any other section of the community.

Manifestly THE BANKERS MAGAZINE can not discuss politics from a partisan standpoint. Its commendations and condemnations must be bestowed upon each party alike. This is not because of a lack of positive conviction, but for the reason that this publication is not of a political character.

In looking back over the conventions and in reading the platforms one is struck by the lack of material differences between the two parties, except in one respect. The late George William Curtis once characterized the Democratic party as "very hungry and very thirsty." This designation would now more aptly apply to the Republicans, who have been out of power for almost eight years. The Democrats are now as sleek and well fed as was Count Fosco, while the Republicans are politically like unto "that spare Cassius." Here is the chief distinction between the two parties to-day, although campaign orators will expend much vocal power within the next few months in their efforts to convince people to the contrary.

The League of Nations, according to President Wilson, is to be made the subject of a "great and solemn referendum." One can not help saying that obsequies are usually of a solemn nature. Actually the people of this country are about as much concerned

over the League of Nations covenant as they are about the Code of Hammurabi.

Getting back to the conventions, one can only wonder at the docility of the American people in putting up with conditions which effectually deprive them of all power in participating in the selection of candidates for the Presidency. Who can doubt that Mr. Cox was virtually nominated by Mr. Taggart and Mr. Murphy, or that Mr. Harding was named by Mr. Penrose and his political associates in the Senate? What popular demand was there for either candidate?

The fact is that the political bosses hand the nominations out to the voters, and with scant regard to any preferences they may have in the matter.

It is admitted that with our large extent of territory and under our political system any other result is hardly to be expected; and it is admitted also that the politicians may have made wiser selections than the people might have made had they been permitted freedom of choice. But it does seem that in a matter so important as the choice of a candidate for the Presidency the people should have some say. They might make mistakes; but, as Theodore Roosevelt once pointed out, they would be their own mistakes.

How lacking the two great parties are in courage if not in principle was shown by their silence on the prohibition question. The adoption of the eighteenth amendment was an event of great moral and economic importance, but both parties ignored it completely. They did not point to it with pride nor view it with alarm. They were not in favor of it, nor against it. Nor yet did they wish any modification. Practical politicians will defend this silence upon the ground that prohibition is already settled. Many people think otherwise. But even if this view of the politicians should prove correct, one would think that in the face of such a stupendous achievement something might have been said. The silence of the platforms reveals an entire want of moral courage. Does it also betray a lack of principle? It would be a serious indictment of our political system and would perhaps mark the beginning of national decadence if ever it could be truthfully said that our political platforms represent nothing more than phrases designed to catch votes. To say that of the platforms now extant would be a severe and unwarranted criticism. They do represent some honest differences of opinion and some sincere convictions upon matters of vital public concern. These divergences will doubtless be brought out more fully in the speeches of the candidates as the campaign progresses. If the people keep in thoroughly good humor through the heat of the canvass, they will be the better able to render a just decision respecting the claims the parties are making for the support of their policies.

## The Democratic Platform

**H**AVING given in a preceding issue the planks of the Republican platform dealing with matters of general public interest, **THE BANKERS MAGAZINE** now presents extracts from the Democratic platform dealing with the same matters. On the League of Nations issue the San Francisco document declares:

“The Democratic party favors the League of Nations as the surest, if not the only practicable means of permanent peace of the world and terminating the insufferable burden of great military and naval establishments. It was for this that America broke away from traditionalism and spent her blood and treasure to crush a colossal scheme of conquest. It was upon this basis that the President of the United States, in prearrangement with our allies, consented to a suspension of hostilities against the Imperial German Government. The armistice was granted and a treaty of peace negotiated upon the definite assurance to Germany, as well as to the powers pitted against Germany, that ‘a general arbitration of nations must be formed under specific covenants, for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small states alike.’

“Hence we not only congratulate the President on the vision manifested and the vigor exhibited in the prosecution of the war; but we felicitate him and his associates on the exceptional achievements at Paris involved in the adoption of a league and treaty so near akin to previously expressed American ideals and so intimately related to the aspirations of civilized peoples everywhere.

“We commend the President for his courage and his high conception of good faith in steadfastly standing for the covenant agreed to by all the associated and allied nations at war with Germany and we condemn the Republican Senate for its refusal to ratify the treaty merely because it was the product of Democratic statesmanship, thus interposing partisan envy and personal hatred in the way of the peace and renewed prosperity of the world.

“By every accepted standard of international morality, the President is justified in asserting that the honor of the country is involved in this business, and we point to the accusing fact that, before it was determined to initiate political antagonism to the treaty, the now Republican chairman of the Senate Foreign Relations Committee himself publicly proclaimed that any proposition for a separate peace with Germany, such as he and his party associates thereafter reported to the Senate, would make us ‘guilty of the blackest crime.’

“We indorse the President’s view of our international obligations and his firm stand against reservations designed to cut to pieces the

vital provisions of the Versailles treaty and we commend the Democrats in Congress for voting against resolutions for separate peace which would disgrace the nation. We advocate the immediate ratification of the treaty without reservations which would impair its essential integrity, but do not oppose the acceptance of any reservations making clearer or more specific the obligations of the United States to the league associates. Only by doing this may we retrieve the reputation of this nation among the powers of the earth and recover the moral leadership which President Wilson won and which Republican politicians at Washington sacrificed. Only by doing this may we hope to aid effectively in the restoration of order throughout the world and to take the place which we should assume in the front rank of spiritual, commercial and industrial advancement.

“We reject as utterly vain, if not vicious, the Republican assumption that ratification of the treaty and membership in the League of Nations would in any wise impair the integrity or independence of our country. The fact that the covenant has been entered into by twenty-nine nations, all as jealous of their independence as we are of ours, is a sufficient repudiation of such charge. The President repeatedly has declared, and this convention reaffirms, that all our duties and obligations as a member of the league must be fulfilled in strict conformity with the constitution of the United States, embodied in which is the fundamental requirement of declaratory action by the Congress before this nation may become a participant in any war.”

Here is the way the Democrats take credit for war financing:

“By the enactment of the Federal Reserve Act the old system, which bred panics, was replaced by a new system which insured confidence. It was an indispensable factor in winning the war, and today it is the hope and inspiration of business. Indeed, one vital danger against which the American people should keep constantly on guard is the commitment of this system to partisan enemies who struggled against its adoption and vainly attempted to retain in the hands of speculative bankers a monopoly of the currency and credits of the nation. Already there are well-defined indications of an assault upon the vital principles of the system in the event of Republican success in the elections in November.

“Under Democratic leadership the American people successfully financed their stupendous part in the greatest war of all time. The Treasury wisely insisted during the war upon meeting an adequate portion of the war expenditure from current taxes and the bulk of the balance from popular loans, and, during the first full fiscal year after fighting stopped, upon meeting current expenditures from current receipts, notwithstanding the new and unneces-

sary burdens thrown upon the Treasury by the delay, obstruction and extravagance of a Republican Congress.

"The nonpartisan Federal Reserve authorities have been wholly free of political interference or motive; and, in their own time and their own way, have used courageously, though continuously, the instruments at their disposal to prevent undue expansion of credit in the country. As a result of these sound Treasury and Federal Reserve policies, the inevitable war inflation has been held down to a minimum, and the cost of living has been prevented from increasing here in proportion to the increase in other belligerent countries and in neutral countries which are in close contact with the world's commerce and exchanges.

"After a year and a half of fighting in Europe and despite another year and a half of Republican obstruction at home, the credit of the government of the United States stands unimpaired, the Federal Reserve note is the unit of value throughout all the world and the United States is the one great country in the world which maintains a free gold market.

"We condemn the attempt of the Republican party to deprive the American people of their legitimate pride in the financing of the war—an achievement without parallel in the financial history of this or any other country, in this or any other war. And in particular we condemn the pernicious attempt of the Republican party to create discontent among the holders of the bonds of the Government of the United States and to drag our public finance and our banking and currency system back into the arena of party politics."

While charging Republican neglect of the treaty with partial responsibility for the high cost of living, the Democratic platform finds other influences have been at work in the same direction. On this point it says:

"The high cost of living and the depreciation of bond values in this country are primarily due to war itself, to the necessary governmental expenditures for the destructive purposes of war, to private extravagance, to the world shortage of capital, to the inflation of foreign currencies and credits and in a large degree conscienceless profiteering.

"The Republican party is responsible for the failure to restore peace and peace conditions in Europe, which is a principal cause of post-armistice inflation the world over. It has denied the demand of the President for necessary legislation to deal with secondary and local causes. The sound policies pursued by the Treasury and Federal Reserve System have limited in this country, though they could not prevent, the inflation, which was world-wide. Elected upon specific promises to curtail public expenditures and to bring the country back to a status of effective economy, the Republican party

in Congress wasted time and energy for more than a year in vain and extravagant investigations, costing the taxpayers great sums of money, while revealing nothing beyond the incapacity of Republican politicians to cope with the problems. Demanding that the President, from his place at the peace table, call the Congress into extraordinary session for imperative purposes of readjustment, the Congress when convened spent thirteen months in partisan pursuits, failing to repeal a single war statute which harassed business or to initiate a single constructive measure to help business. It busied itself making a pre-election record of pretended thrift, having not one particle of substantial existence. It raged against profiteers and the high cost of living without enacting a single statute to make the former afraid or doing a single act to bring the latter within limitations.

“The simple truth is that the high cost of living can only be remedied by increased production, strict governmental economy and a relentless pursuit of those who take advantage of post-war conditions and are demanding and receiving outrageous profits.

“We pledge the Democratic party to a policy of strict economy in government expenditures and to the enactment and enforcement of such legislation as may be required to bring profiteers before the bar of criminal justice.”

Regarding the relations between labor and capital the Democratic platform says:

“Labor is not a commodity; it is human. Those who labor have rights and the national safety and security depend upon a just recognition of those rights and the conservation of the strength of the workers and their families in the interest of sound-headed men, women and children. Laws regulating hours of labor and conditions under which labor is performed, when passed in recognition of the conditions under which life must be lived to attain the highest development and happiness, are just assertions of the national interest in the welfare of the people.

“At the same time the nation depends upon the products of labor; a cessation of production means loss and, if long continued, disaster. The whole people, therefore, have a right to insist that justice shall be done to those who work, and, in turn, that those whose labor creates the necessities upon which the life of the nation depends must recognize the reciprocal obligation between the worker and the state. They should participate in the formulation of sound laws and regulations governing the conditions under which labor is performed, recognize and obey the laws so formulated and seek their amendment when necessary by the processes ordinarily addressed to the laws and regulations affecting the other relations of life.

“Labor, as well as capital, is entitled to adequate compensation.



Each has the indefeasible right of organization, of collective bargaining and of speaking through representatives of their own selection. Neither class, however, should at any time nor in any circumstances take action that will put in jeopardy the public welfare. Resort to strikes and lockouts which endanger the health or lives of the people is an unsatisfactory device for determining disputes, and the Democratic party pledges itself to contrive, if possible, and put into effective operation a fair and comprehensive method of composing differences of this nature.

"In private industrial disputes we are opposed to compulsory arbitration as a method plausible in theory but a failure in fact. With respect to government service, we hold distinctly that the rights of the people are paramount to the right to strike. However, we profess scrupulous regard for the conditions of public employment and pledge the Democratic party to instant inquiry into the pay of government employees and equally speedy regulations designed to bring salaries to a just and proper level."

In making these very liberal quotations from the two platforms, in the July and August issues, THE BANKERS MAGAZINE has aimed to place before its readers for their consideration the viewpoints of the two great parties on the issues which most vitally concern the public welfare.



## Organization of a Co-operative National Bank

ACCORDING to a Washington dispatch approval has been given by the Comptroller of the Currency for the organization of "the Brotherhood of Locomotive Engineers Co-operative National Bank of Cleveland, Ohio." In the dispatch announcing this fact it is said the policy of the bank would be to lend money "to workers and farmers instead of to speculators and manipulators."

Perhaps, if a thorough survey of the character of bank loans generally were made, it would be found that comparatively few of them represent advances to the two classes last named. No one denies, of course, that "speculators" do obtain loans from the banks, but these loans probably constitute a trifling percentage of the aggregate of all bank loans.

If workers and farmers are actually denied loans, while "speculators and manipulators" are not, this might justify the organization of a special type of bank designed to redress this inequality of treatment. It is very doubtful, however, whether any such injustice

exists. The great number of banks existing in agricultural communities, receiving their deposits largely from farmers and often owned principally by them, would seem to indicate quite clearly, even in the absence of statistics, that the banks of the country are now making large loans to those who own or cultivate the farms. It is also clear enough that banks doing a savings business are lending to workers extensively for the construction of homes. If the ordinary worker in industry is seldom a borrower at a commercial bank it is because he has no occasion for such service. The services of commercial banks are for those whose operations are so large and of such character that credit must be employed and its use paid for. The worker for wages is in a more fortunate position. Receiving cash for his labor, he can in turn pay cash for what he buys.

If there is room in the United States for the creation of banks to serve a distinct class the fact seems heretofore to have escaped the attention of a number of enterprising gentlemen who are always anxious to take advantage of opportunities for starting new banks where there is a chance of making a profit.



## Comparative Growth of National and State Banks

**S**OME interesting comparisons of the growth of national and state banks are made in a tabulation of statistics by R. N. Sims, secretary and treasurer of the National Association of Supervisors of State Banks. Mr. Sims was formerly Bank Commissioner of Louisiana and is now vice-president of the Hibernia Bank and Trust Company, New Orleans. The statistics show aggregate resources and other data relating to all banking institutions under state control, and were compiled from statements furnished by the heads of the various state bank departments.

Taking the figures for the two classes of banks on dates as nearly identical as possible, it is found that the aggregate number of national banks was 7,933, against 21,961 state banks; the capital, surplus and profits of the national banks aggregated \$2,530,651,000, against \$3,156,023,426 for the state banks; deposits of the national banks were \$16,965,122,000, and of the state banks \$24,189,608,399; total resources of the national banks, \$21,862,540,000, and of the state banks \$29,024,095,838.

Not only do the state banks outnumber their national competitors, but they are ahead in the respects just instanced.

Making some comparisons to find to what extent the two classes of banks have advanced within a given period, Mr. Sims finds the excess in the increase of state banks over the gain made by the national banks to have been as follows: in number, 785; in capital, surplus and profits, \$123,247,748; in deposits, \$1,516,529,887; in total resources, \$1,995,480,002.

The state and national banks have long existed harmoniously, fulfilling their respective functions. With the enactment of the Federal Reserve Law the national banks were endowed with some functions theretofore appertaining only to banks organized under state laws. It is a striking tribute to the adaptability of the state banks to local needs that they continue to show a vigorous growth notwithstanding these changes. While the national banks have admirably served the purposes of their creation, the same may be said of the state banks. Judging from the comparative growth of the two systems, one may fairly conclude that the country is not yet ready for a system of banks operating exclusively under Federal authority, but prefers the existing dual system.



## Advance in the Rates of Discount

COMPLAINTS are heard in some parts of the country because banks that are members of the Federal Reserve system have advanced their discount rates to a point which equals or exceeds the rate established by the Federal Reserve Banks. Some banks, it is said, have not been content to mark up their rates to equal those of the Federal Reserve Banks, but like manufacturers who find in increased tariffs, cost of labor and materials, an excuse for very marked increase in prices, have made a much higher rate. If this charge is true, it simply illustrates that the banker is not exempt from that human propensity which takes advantage of opportunities for enlarging profits.

The grounds on which the complaints referred to are based are chiefly these, namely, that the rediscount operations were not intended to offer an opportunity of profit to the member banks, but to create a reservoir of credit for use in times of stress. It is pointed out that the rediscount rates of the great European banks are usually above the open market rates, so that banks rediscounting lose by the operation, thus tending to restrict credits. It is said that if member banks are to make a profit on their rediscounts they will have no incentive to restrict credits, thus tending to defeat the very purpose which the Federal Reserve Banks had in mind when they

put up the rates, which was to effect a gradual check on credit expansion.

From the standpoint of high finance, these contentions are probably unassailable. But there are some banks inconsiderate enough to take a purely practical view of the matter. They doubtless look on the Federal Reserve Banks somewhat as the retail merchant looks on the wholesale dealer in goods of various kinds. The retailer argues that if the wholesale price advances retail prices must be put up also. There are no doubt a good many bankers who are disposed to regard themselves as retailers of credit and the Federal Reserve Banks as wholesale dispensers of that stimulus to trade and industry. They may also feel that if the Federal Reserve Banks, with their vast funds contributed by the other banks and with all the huge profits they are making, are under the necessity of advancing rates, why should not the small bank, much less favorably circumstanced, do the same thing.

This may be an exceedingly low-browed way of looking at the matter, but a bank making from ten to twenty per cent. a year may be excused from thinking that it should advance its rates so as to approximate the 100 per cent. annual profit which the Federal Reserve Banks are making.

If the member banks keep on advancing their rates so that they equal or exceed those of the Federal Reserve Banks the appropriate remedy would seem to be for the latter institutions to keep on advancing their rates until a rate was reached which the community would no longer pay. Indeed, it might be argued with considerable plausibility and some truth that if the object of the advance in the Federal Reserve Bank rates was to stop the expansion of credit, this could be done most effectually by having all the banks mark up their rates.

The fact that an advance in the rediscount rates of the Federal Reserve Banks does not have the same effect in checking credit expansion as does a similar policy when followed by the central banks of Europe illustrates quite clearly the differences between European banking conditions and ours, and also shows the differences between theory and practice.

## Aid of Bankers in Curbing Profiteering

**W**HEN a bank extends credit to a business enterprise of any sort such transaction presupposes, as a general rule, that the business receiving the credit shall be conducted at a profit, otherwise the security of the loan may be endangered. Where the concern securing the credit has large capital, or proffers abundant

collateral for the loan, the matter of profit may be of minor importance; but, in the long run, most bank loans depend for their repayment upon the profitable conduct of the business which receives the credit. This being so, the bank is naturally predisposed to regard with favor large profits upon the part of its borrowers; the larger the better.

But when these profits exceed the legitimate gains of industry and are obtained by methods more resembling those of the highwayman than of honorable business men, the question arises as to whether the bank may not have an ethical obligation to restrain profiteering of this character, and especially so when it is remembered that now by statute transactions of this character are punishable as crimes. If the banks do not wish to be considered as abettors of crime, morally at least if not legally, they would seem to be under the necessity of scrutinizing their credits to see if they are being employed by those who are exploiting the community without regard to the ethics of business or the moral law and apparently without fear of the statutes in such cases made and provided. One day public opinion will be so aroused against this large and growing class of law-breakers as to secure their punishment. Do not the banks that are making loans to sustain the operations of the profiteers run the risk of some rather unpleasant consequences once public opinion becomes awakened on this matter?

The making of large profits is defensible on both moral and economic grounds, but some of the profits now being made go entirely beyond the bounds of reason. Those who are appropriating such profits for their benefit are sowing the wind. It behooves the banks of the country to see that they are not partakers of the harvest when it shall come.



## Discrimination in Granting Credits

**W**HEN a bank undertakes to refuse credit to any legitimate industry that is well managed and doing a profitable business it at once encounters troubles from which the conduct of banking is ordinarily exempt. But in times like the present when expansion needs to be checked and when the credit available is barely sufficient for the most necessary industries, such discrimination has to be exercised. In classifying "the most necessary industries" there would be much division of opinion. Still, there are some things which can be generally dispensed with and others which the community must have.

The Federal Reserve Board, while intimating that credit should be first extended in aiding the production and exchange of the most

essential classes of commodities, very wisely declined any attempt at classification of essentials and non-essentials. It went further and declared that while such classification might be made by the several Federal Reserve Banks it might better be done by the member banks which had a closer familiarity with conditions in respective localities. No doubt, under this construction of the duties of the banks, the local banks will be inclined to exert themselves in taking care of their established home industries without much regard to whether their products are "essential" or not. They could not well do otherwise. But a considerable conservation of the supply of credit can be effected by the cessation of purchases of outside paper representing the least essential industries, and by discouraging local expansion of such industries at the present time.

If prices can be kept down even to their present level, and if the ratio of savings to earnings can be increased, with a little prudent management of the situation, the reservoir of capital and credit should fill up before very long.

## A Practical Way of Increasing Production

**T**HE most powerful incentive to production is profit. If increased production, therefore, is the sovereign remedy for the high cost of living, we shall have to see to it that the profits of those who produce are large enough to insure a maximum of production.

Does this mean that profiteering must continue? Hardly so, for the making of undue profit by other than the actual producer may operate to check both production and consumption. In some of the large cities of the United States are many people who never have enough to eat. If prices of food products were lower, consumption would be increased. This would call for larger-scale production on the part of the individual farmer or truck-grower, and as a rule this tends to reduce the cost of production and add to the profit. Besides, it is hardly open to question that between the producers of most food products and the consumers too much cost is added. Whether this undue cost arises from too much profit being exacted or from too much inefficiency, the result to the consumer is the same. Could the farmer and market gardener get anything like the prices for their products which consumers pay for them, no admonitions would be required about "going back to the farm." Of course, if the present prices were maintained the consumer would not benefit any.

The real problem would seem to be that of more economical distribution, so that the cost would be cut down, whether as already said

this cost represents too much profit or inefficiency. Better methods of distribution would reduce prices to consumers, and by the resultant greater consumption and the economies effected the profits of the producers could be maintained or even materially enlarged.

Politically it is not popular to look too narrowly into the profits of small dealers. They are very numerous and have many votes. The larger concerns have been the shining targets for the hunters seeking to slay the monster of high prices. But the matter should be carefully investigated purely from the standpoint of the public welfare. It might be found out that if the same efficiency which has been developed by the great business concerns of the country could be applied to the conduct of retail business generally, the producers could obtain greater profit and the consumers lower prices.



## Banks as Distributors of High-Grade Securities

### The Part Played by the Banker in Creating New Investors and in Guiding the Investing Habits of Their Clients

**I**F America is to maintain its newly acquired position as banker to the world, it is essential that many people who never have been investors before shall be influenced to buy securities and thus add to the accumulated capital of the nation. What part will the banker have to play in this work of education?

Hitherto the business of distributing stocks and bonds has been largely in the hands of specialized investment bankers located in the larger cities and catering to a more or less restricted clientele of large investors. But little effort was made to extend these operations into the smaller towns, or to interest the small investor (or rather the man of small means who is a potential investor) in the buying of securities. Consequently this market was left to the mercy of the band of wildcat promoters who were diligent in luring away the accumulated savings of the unwary by promises of large and quick profits.

Then along come the war, and all this was changed. The Government was quick to recognize the usefulness of the banks in distributing bonds and for reaching the hearts and pocket-books of the people. For the banks in every community were closely in touch with the people—not only those of great wealth but with those average persons whose savings were small individually but taken in the aggregate were the real force that successfully absorbed loan after loan. In the work of explaining what a bond was, why it was the safest investment in the world, how it was in the reach of every man to own one, why it was to the advantage not only of the Government but of the individual to buy—in all these things the banks did a yeoman service. Under their tuition the people first learned the lesson of thrift. For the first time in this country there was conducted an active general campaign for savings.

Have these lessons so carefully taught been allowed to be forgotten?

Are the banks that taught their people how to save and invest, encouraging them to continue the good work so well begun? An attempt to answer these questions, at least as far as the State of Ohio is concerned, has been made by Field, Richards & Company of Cleveland. This concern has made a survey in thirty-two counties of Ohio, to learn the bankers' attitude on investments—his own investments and those of his customers. The results of this survey will prove of interest throughout the country because it can be taken for granted that what is true of Ohio, must be, at least in general, true of conditions in other parts of the country.

To obtain the desired information, 109 of the 1102 banks of Ohio were interviewed by trained interviewers and a careful compilation of the facts obtained was made. For example, it was learned that in forty per cent. of the banks interviewed the president looks out for the purchase of securities and the cashier in thirty-seven per cent. Although some one or two of the bank's officers look after the purchase of securities, the purchase, it was found, is generally made after consultation.

More than one-half of the 109 bankers interviewed stated that the activity of investors in their community in buying sound securities had increased since the war. Practically ninety per cent. of the banks reported their deposits to have increased since the war, and during the same period that the purchase of securities by investors in their communities had increased. In other words, the banker who encourages his customers and the people of his community to become investors does not see his deposits suffer in consequence, but finds that he is using a logical method of promoting his bank's growth.

Fifty-six per cent. of the banks reported that they did not know or could not estimate the amount of money taken out of their communities each month by worthless or highly speculative oil and rubber stocks, extravagant promotion schemes, etc. The estimates of the remaining forty-four bankers ranged from

\$500 to \$150,000 per month (the average of all estimates being \$28,109) while one banker reported "none."

Thirty per cent. of the securities purchased by the banks interviewed was for the customers of the banks and the remaining seventy per cent. was on the bank's own account. It was found, however, that sales to individual investors are increasing, especially in the larger banks. It is noted that this increase is by no means confined to banks with "bond departments."

Of the banks that sell securities fifty-nine per cent. reported that they bought from investment houses for customers and forty per cent. reported that they sold the securities which they had previously bought on their own account. Of all of the banks reporting, thirty-one per cent. never buy securities for their customers, twenty-eight per cent. buy for their customers regularly, twenty-two per cent. do so rarely, and seventeen per cent. sometimes do so.

Here are some of the reasons given for actively buying and selling well-established securities for customers:

"Service to depositors."

"It is profitable to do so—it fills a need and renders a service to our customers."

"We believe it is our function so to do—is part of our service."

"For the money income, also to render service and to satisfy customers."

"It brings new people to the bank—we will do more when our trust department is fully organized."

"Believe it our duty so to do—have a department for the purpose."

"We consider it rendering a service to our customers."

"We do so in the belief that it brings new customers to the bank—the commissions do not compensate us for the trouble, except in large quantities; gives us an opportunity to render service."

"Added service to the customer."

"It is the most natural thing for a bank to do, especially in the larger financial centers."

"Part of our policy—we advertise this service."



"There is a demand for it and we wish to serve the people."

"We do try to get the public to buy proper investments—this leads to economy and thrift."

"We are a financial department store and naturally handle bonds as part of our facilities."

#### SOME OF THE DIFFICULTIES

Some smaller banks stated that they did not feel justified in selling to their customers anything except Government bonds, because their recommendations would be considered as a guaranty of safety and returns, which, naturally, they could not give.

It is pointed out in this regard that it is no more necessary for a banker to "guarantee" a security he sells than for an investment house. The buyer must, at the last, always use his own judgment—must weigh the information given, and make decision. There is no such thing as "an investor" who knows nothing of what an investment is; buyers who lack that knowledge are merely buyers—not investors. It is pointed out that there is always a fairly wide choice of perfectly sound municipal and industrial securities that no banker need feel any hesitancy about recommending.

Another objection that was brought up was to the effect that excessive investing on the part of customers would lower the bank's deposits. Few bankers nowadays, it was pointed out, believe that their customers should be encouraged to increase their deposits unduly, rather than deplete them by investments in securities. In fact, the statistics as brought out in this survey would seem to show that increased security buying in a community means increased bank deposits.

Some of the banks objected to the selling of securities on the ground that this was a highly-specialized business requiring trained men and special equipment. It is pointed out that while this

is without doubt true of a general brokerage business, in the case of the average bank it is only necessary to have some member of the bank's staff available to investors who want to consult him about their funds, and to guide the direction of such investments, to explain the bank's function and to order and deliver the securities decided upon. This, it is brought out, is a comparatively simple transaction—offering no greater difficulty than the selection of a reliable investment house. In many smaller banks the "bond department" consists of but one man who gives only part time to the buying and selling of securities, yet such banks find it profitable.

Another objection brought out is that the bank must carry a lot of securities on its own account in order to sell them to its customers. It is shown that this is not necessary, as all the bank would need to do would be to take orders for securities and then afterwards purchase them from an investment house.

Another objection is that a bank would not have at its disposal all of the information about every security that it might be consulted about. It is pointed out that by making a connection with a good investment house all of this information could be quickly obtained.

All of the banks interviewed were asked to state what they would think of a reputable investment house advertising high-grade securities in local papers with the advice "You may send your order through your own bank." "Consult your banker regarding these securities," or something similar. Of the answers received sixty-nine were favorable, nineteen were indifferent, eighteen were unfavorable and four were non-committal.

There is much food for thought in the facts brought out in this survey, and THE BANKERS MAGAZINE would be pleased to receive the opinions of its readers on the various points involved.



# Financing the Farm Implement Business.

By Ivan Wright

**T**HE FINANCING of purchases of farm tools and machinery, is one of the important problems of American agriculture and finance. The reason for this does not seem thoroughly known to many people who are complaining about the high cost of living. It is, in fact, one of the principal factors in the high cost of living. The modern American farmer can not make a living at agriculture without buying considerable expensive equipment. Like other business men, few farmers have the ready cash to pay for the fixed capital necessary to carry on business. But the farmer has several alternatives. He can borrow or buy on credit, or he may restrict his farming operations, or he may turn his attention and energy to some alternative opportunity where he has less risk and a more certain profit. To-day when wages are so high in other lines of work the latter is the common practice. So many people have turned from the hoe and the plow to the factory that the problem of agricultural production, even with the use of the best labor-saving tools and machinery available, is a serious one. Many farmers throughout the country have curtailed their planting because of high-priced equipment and labor. Not long ago the extension news of the University of Illinois reported that the farm labor situation was much worse than at any time during the war.

Under existing conditions the farmer will refuse to buy necessary tools and machinery unless he can get credit and labor. This is an entirely logical attitude, for the farmer can only buy when he has something to buy with. Also he is not encouraged to buy equipment unless he can hire labor to use the equipment.

These are serious problems, which concern the manufacturer, the wholesaler, the retailer and the banker, and all the rest of us who eat food and wear clothes.

But the specific problem which con-

cerns the implement seller is how to get the money which he has tied up and go on to new business as soon as possible. Is it best to do a cash business or an acceptance business?

## CASH BUSINESS DISCOURAGES TRADE

The first question, I think, may be easily answered. A cash business in the tools of production would surely discourage trade. Many people may not have the ready cash and may have some difficulty in borrowing the amount at the local commercial bank, but they may be a good credit risk and thoroughly qualified producers. On a cash basis these persons will be driven to other employments. On the other hand, there is the human element involved with another and larger group. Persons who are able to get credit at the bank or the local store will refrain from borrowing in order to buy with cash. Whereas, if they can get the equipment and pay for it after a season's production, the temptation will be much greater. But in case such a person is not a good risk, this is as dangerous a gamble for the dealer as it is for the farmer.

Merchandising and banking with bills is an old established practice, although it may be somewhat new to American farmers. The bill of exchange is used by farmers in Europe. The French *Crédit Agricole* furnishes an excellent example. This institution, with its regional offices and numerous branches, extends short-term credit to farmers upon trade bills and notes which are readily discounted at the Bank of France. In brief, the procedure is as follows: A farmer who wants to borrow from a local office draws a bill upon himself and presents it at the office with the proper information. There it is considered by the board of administration. If they approve it the president signs it and it is then sent to the regional office. If the regional office has plenty of money they will lend the

money directly; if not, the president of the regional office signs it and it is then sent to the Bank of France where with the three signatures it is bankable paper. Such loans are made only for productive purposes. A farmer or renter may borrow to buy a cow, horse, fertilizers, machinery, cattle feeders and the like. Such bills would be perfectly good banking paper in America, and loans for these purposes would be useful in promoting human welfare, whereas loans for the production of cigarettes, snuff, chewing gum and like luxuries may be good banking business but certainly poor national thrift.

The dealer in farm implements has an interesting case against the banking facilities. But this case is a triangular one. It includes both the banker and farmer. The dealer may provide a temporary solution for his own needs, but no permanent solution is possible without the co-operation of the banker and the farmer.

The farmers' part is a very difficult one, and can be solved best, no doubt, through co-operative buying associations. These do not need to be restricted to the buying of farm implements. Their business may be general. A good example is the Tompkins County Farmers' Co-operative Association at Ithaca, New York. When farmer members of this association need tools and machinery they may purchase through the co-operative association. The association will pass upon each individual farmer separately. They know the farmer's credit ability and character and most likely the purpose for which he will use the equipment. The association accepts the farmer's note or bill and approves it. Then there is no implement dealer or banker who would not consider this first-class paper. The individual farmer may fail in his business, but a county organization of farmers is, under all ordinary conditions, not likely to have many defaults. The market for this kind of paper could not be better. These bills are well secured and based upon the most necessary production of the country. Bankers are glad to handle this sort of

paper, and bill brokers and acceptance houses will find it profitable business.

One of the principal objections which could be registered against this kind of paper is the clerical work required and the bother in handling so many small accounts. This objection would be a valid one if the farmer's individual bill was passed on into the banking channels. But this is not usually the case. Generally the co-operative association will keep the farmers' papers and draw a bill on the association for the aggregate of these individual items. The association's bills will compare favorably with the size of the retail merchant's bills.



### Increase in Railroad Rates

**I**N the "Girard Letter," published by the Girard Trust Company, Philadelphia, appear a number of computations, showing how little the proposed thirty per cent. advance in freight rates would add to the expenditures of the ordinary consumer. It is said:

For a family of five, a thirty per cent. advance in freight rates would represent for all the food eaten in one week just the price of a shoe shine. Ten cents would be the maximum increase on the cost of food, while the increase in the cost of clothing for a week is too small to be figured out in any coin now minted by the United States.

It cannot be too often repeated that the only commodity which a railroad sells is transportation. But a Federal law prevents an increase in the price of this commodity, otherwise under the law of supply and demand it would be double the present rate because of the keen competition to obtain supplies. No Federal law, however, prevents a rise in the price of everything a railroad company is compelled to buy.

The railroad is a nationally restricted industry, and has been restricted to a degree where it has ceased to be able to serve the people as they wish their railroads to serve them.

It seems incredible that a nation of sensible business men should acquiesce any longer in these conditions. The new Transportation Act, if carried out in its spirit by the Interstate Commerce Commission, will change this; but public approval must support the Commission.

# Adulterated Money

By Oscar Newfang

**T**HERE was once a country whose farmers were so honest that they would not sell adulterated milk.

As the cities in that country grew populous, however, the Government deemed it wise not to rely solely upon the honesty of the farmers for the purity of the milk supply, and so they devised a system of bottling and certifying the milk. At length the demand for milk exceeded the supply, and there was a great discussion as to what was to be done. Statesmen said that the only remedy was to stimulate the production of milk until the supply gradually overtook the demand; but the milk dealers maintained that this process was too slow and laborious. "How foolish," said they, "why, we can produce the necessary number of quarts of milk overnight. We will simply dilute the milk supply to the requisite degree to do it." And, as usual, the remedy that promised the desired result with the least effort and in the least time was adopted. The cities had the necessary number of bottles of milk; but the food value of the milk was reduced by the exact percentage that the milk supply was adulterated, and there was no increase whatever in the total food value of the entire milk supply.

## EFFECTS OF ADULTERATING THE CURRENCY

You cannot increase the food value of the milk supply by adding water to it. And you cannot increase the exchange value of the gold supply by adding fiat paper currency. In the same degree that the milk supply is adulterated its food value per quart is diminished; and in the same degree that a gold currency is adulterated its exchange value per unit is diminished. Milk is a store of food value, and gold is a store of exchange value, and adulteration depreciates both of them.

But this is only half of the evil. Money is not only a store of value, but is also the measure of value for all other

commodities. Adulteration of the milk supply impairs the food value of the milk, and that is the end of the evil; but adulteration of the gold supply (politely called elasticity of the currency, or, less politely, inflation of the currency) not only impairs the exchange value of the monetary unit, but it also upsets the measurement of all other values: that is, it renders all prices unsettled and unstable, and when carried to excess, as it has been during the late war, it tends to create economic chaos.

To make the milk illustration parallel, we would have to assume that the bottle of milk, in addition to its food value, was used as a standard of food value for all other commodities. Then the varying percentage of adulteration would affect not only the food value of the milk unit, but would unsettle and render uncertain the number of food units of all other commodities as expressed in terms of that unit.

A fine theory, you say, but how does it square with the facts? Let us see. The figures about to be used are taken from the January number of "The Americas," published by the National City Bank of New York; and, while they are perhaps the most accurate figures available, they can be regarded as only approximately correct, the European figures being those of the great government banks only, exclusive of those of other banks of issue.

## ADDITIONS TO CURRENCY VOLUME

In the United States, in July, 1914, the gold supply amounted to \$1,023,000,000 and the currency outstanding was \$1,056,000,000, showing that the currency was 99.6 per cent. covered. In December, 1919, the percentage of cover was 52.3. The general price level, or the cost of living, in that period has practically doubled.

Great Britain in July, 1914, had gold amounting to \$195,000,000 against currency of \$140,000,000, a cover of

134.6 per cent. (which percentage, by the way, shows why the pound sterling was considered the world over the standard money); in December, 1919, the percentage of gold cover for the currency was 22.9, and it is probably a little better to-day, say one-quarter. The general level of prices, or the cost of living in that country, according to the best estimates that the writer has been able to contain, has risen to between three and four times the pre-war figures.

Germany in July, 1914, had a gold reserve of \$298,000,000 against currency outstanding of \$692,000,000, or a cover of 43.2 per cent. At the end of 1919 the percentage of cover was 3.5, between one-twelfth and one-thirtieth as much. In a recent speech at Des Moines, Iowa, Mr. H. P. Davison stated that the official figures showed that if Germany were to buy necessary supplies from America at present she would have to pay thirteen times the original cost. Current exchange quotations of the mark confirm this statement.

Owing to the break-up of Austria-Hungary any deduction from the figures for that country must necessarily be only a rough approximation. In July, 1914, Austria-Hungary had a gold reserve of \$254,000,000 against currency of \$464,000,000—54.8 per cent. cover. In December, 1919, the percentage of cover was .5 of one per cent., approximately one-hundredth as much. Mr. Davison stated, in the speech above quoted, that if the present Austria were to buy in America, she would pay forty times the original cost for her purchases. Probably the discrepancy is due to the chaotic condition of the finances brought about by the breaking up of the Empire.

#### INFLATION IN RUSSIA

In general this much may be said to be clear: as the money supply is watered its value is decreased. Take Russia as a shining example. Lenin has proceeded to inflate the currency to an unlimited degree, with the avowed object of making money worthless in that country; and he has almost succeeded

in doing it. In July, 1914, the percentage of gold cover to currency in Russia was 98.5. In October, 1917, when the Bolsheviki took charge, it was 3.5 per cent. Since that time it is estimated (roughly, of course, as probably Lenin himself does not know the exact facts) that the Bolsheviki have watered the currency to the tune of \$34,000,000,000. If this is accurate, the amount of currency outstanding in December, 1919, would be about \$43,000,000,000, with a percentage of gold cover of less than .8 of one per cent. The actual percentage at the present time is doubtless much lower—so low that even the keenest financial nose can hardly detect a scent of gold in the Russian currency.

A Polish authority who has recently been in Moscow estimates the Russian ruble as being worth a fraction more than one cent in United States money; that is, one-half cent gold, assuming that the value of our currency is fifty per cent. of that of an unadulterated gold currency. Even so he rates it rather too highly, judging by some of the prices that he quotes: a shave, 75 rubles (ruble being nominally about half a dollar); soap, 800 rubles a pound; beef, 650 rubles a pound; pork, 1000 rubles a pound; black bread, 360 rubles a pound; and butter, 2500 rubles a pound.

#### OTHER FACTORS AFFECTING PRICES

As stated above, there are of course other factors in determining prices besides the inflation of the currency. Chief among these has been the enormous stimulation of demand by war requirements, and at the same time the heavy reduction of supply because of the withdrawal of millions of men from productive work. As these and other factors in varying degrees have affected prices in the different countries, it is impossible to trace the precise effect of currency inflation upon prices in every country; but in a general way the figures quoted seem to prove beyond a doubt that as a gold currency is diluted the exchange value of the currency is depreciated, and that the varying degrees of inflation tend to unsettle all

prices, to derange all industry, to breed unrest and economic chaos.

The writer would be the last to deny the need of elasticity in the circulating medium, but he contends that, inasmuch as 98 per cent. of our business in America is done by check, the proper place for the elasticity is in the volume of credit extended by banks and circulated by check, and not in the adulteration of the gold supply. If the Government requires credit, let it float bonds or certificates of indebtedness; or, if it wants to put out smaller denominations, let it sell war savings stamps or thrift stamps.

#### THE RETURN OF STABLE CONDITIONS

The only way by which the world can return to stable economic conditions is by deflating its currencies. Let us have pure money with 100 per cent. gold cover. If we need a larger supply of money, the way to get it is by stimulating gold mining and digging the additional gold required, not by adulterating our present stock of gold. We have pure food laws to guarantee us honest and unadulterated food. Let us rise to the conception of honest and unadulterated money, and let us have a pure gold currency; that is, a currency covered 100 per cent. by gold.



## A Digest of Banking Opinion

Pertinent Paragraphs on Current Banking Problems Taken  
From Recent Utterances of Banks and Bankers

**T**HE LABOR PROBLEM is the explosive element of chief importance in the outlook to-day. This is a presidential year. Labor leaders have perfected an organization which knows what it wants and how to get it and the country is suffering from the evils incident to having too many million workers receiving highly inflated wages without a corresponding increase in production, and to their lack of willingness, often through misunderstanding, to meet the conditions of deflation in order that we may approach pre-war prices. These conditions have produced the sort of nervous prosperity from which it is very difficult to recover. Labor has become intoxicated with its own importance. It has been flattered into thinking that the man in overalls can dictate his own terms and force capital to abide by them. Politicians are toadying to labor, but the saving common sense of the American people—perhaps their greatest asset in a time like this—may be depended upon to make the public think straight, plan sensibly, and vote intelligently when

the right time comes. This is said without reference to any political party, but as a just tribute to the millions of clear headed Americans who know the value of a dollar and realize the need of right action in such a critical situation as confronts this nation to-day.—*William A. Law, president First National Bank of Philadelphia.*

#### NEED NOT FEAR GOLD EXPORT

As long as we maintain our currency on a sound basis we have nothing to fear from gold exports. At best the present tendency for gold to leave this country is temporary. It should be borne in mind that we are the world's greatest creditor nation and with a minimum of prudence on our part a serious drain of our gold supply would be impossible. It is far more important that we look at the situation from a long point of view, and maintain a sound currency and a free gold market, than to follow the narrow course and place an embargo on gold shipments. Using gold to buy in markets where the trade bal-

ance is against us is the correct course to follow. It is an economical and sound policy, and if we keep our finances at home, as they should be, we have nothing to fear. An outward movement of gold can only prove detrimental to us if we abuse our domestic credit facilities by the further creation of purchasing power at a rate in excess of our production of the things available for purchase.—*First National Bank in St. Louis.*

#### DEMAND FOR GOVERNMENT ECONOMY

The first demand that business and the country will make of the coming Administration is economy. Greater economy would have been compelled long ago if the nation as a whole appreciated just how widespread the effects of Government extravagance have been. The most obvious result of the heavy expenditure is being seen in taxation. The need to turn billions of dollars into the public coffers has caused the adoption of doubtful taxes, which have fallen in many instances with little relation to the ability to bear them, have drawn heaviest on the normal savings of the nation and have dried up the sources of new investment funds; funds that would otherwise have gone to restoring the railroads, to making possible the sound financing of our export trade to Europe and to building new factories or launching new enterprises to increase the nation's capacity for producing wealth. Most disturbing of all has been the excess profits tax, which, not to speak of the intrinsic unfairness and inequity with which it has fallen, has discouraged production on many sides and encouraged extravagance and waste everywhere.—*Mechanics and Metals National Bank, New York.*

#### ESSENTIAL POINT IN THE LABOR PROBLEM

The essential and first point in the settlement of the labor problem is then a clear understanding by all parties that in most establishments the only possible source of a permanent increase in wages or profits must come from an

added value to the product relative to the capital and labor expended, and in the end, neither wages nor profits can be increased at the expense of the other. Any attempt to shift the burden of added wages or profits to the consuming public in the way of added prices is likely to defeat itself quickly by lessening the demand. And if this does not happen we must remember that the great mass of consumers are also workmen, so that the burden in the case is merely shifted from one set of workers to another.—*Arthur Reynolds, vice-president Continental and Commercial National Bank of Chicago.*

#### EUROPEAN EXPORTS TO RESTORE BALANCE

The war has made the United States so great a creditor country to Europe that she must now give her debtors an opportunity to pay her by the only means possible to them. This can be achieved only by exporting goods and rendering services. For this purpose, it is not necessary for Europe to export to the United States alone, but she must export to all other countries, and in particular, countries that the United States purchases from. For instance, by means of European countries exporting to the East in excess of her imports from the East, and at the same time by an excess of American imports from the East over her exports in the same direction, the balance of indebtedness by Europe to the United States could eventually be liquidated.—*F. R. Shortis, vice-president Guaranty Trust Company, New York.*

#### THE WORLD'S WHEAT

The present position of the world as regards wheat cannot be looked on as entirely due to the war. Even before 1914 the world demand for the primary foods and materials was tending to outrun the supply. A clever recent analysis of the world's wheat situation pointed out that the great increase in population of the United States in the last 30 years had by 1914 resulted in the fact that their domestic requirements for wheat were approaching their

production, and the date was evidently near when there would be an exportable surplus only in years of exceptionally favorable harvest. The present domestic requirements of the United States are estimated at more than 90 per cent. of the average yield of the five years 1909-1913. It seems probable that even considerably larger production in the world would for some time do no more than satisfy an increasing demand.—*Royal Bank of Canada.*

#### THE FUTURE OF PRICES

The prevailing opinion about prices is that an effective stop has been put to the upward movement, and there is a unanimous sentiment of relief over the fact. The endless round of rising wages and prices could not go on indefinitely. The sooner the rise was stopped the sooner might stable conditions be reached. The present state of suspension and uncertainty in the textiles and shoes will last until these trades get their bearings and determine their relation to the general situation. The curtailment of production is unfortunate, for the full product of these industries probably will be wanted. The cancellations, presumably, signify an effort to get the same goods at a lower price rather than that the goods will not be wanted at all. In other words the cancellations are incidental to an expected readjustment of prices, upon a lower level. As yet the chief characteristic of the disturbed markets is a paralysis of activity rather than a general fall of prices, although prices undoubtedly have been broken.—*National City Bank of New York.*

#### BUSINESS MORTALITY

A contingency which must be reckoned with during coming months is an increase in the number of commercial failures. One of the remarkable things about the period of prosperity which has endured since 1915, has been the very small number of business failures, despite the operation of priority orders, fixed prices and the curtailment of the activities of so-called un-essential industries and trades during the war. The

explanation is that strongly rising prices, or at least the absence of any material or prolonged recessions from the upward movement, vastly decreased the hazards of doing business. The result of constantly enhancing inventories was to put a premium on incompetency, so to speak. As we have now begun to experience the retrograde movement, where foresight and skill in buying must be exercised to the utmost, commercial credits are being scrutinized very closely. Although no alarming symptoms of increased business mortality have yet appeared, this word of caution is prompted by the financial difficulties in which many small concerns find themselves as the aftermath of the recent price-cutting movement in wearing apparel and kindred lines, as well as by the possibility that we have not yet safely passed the peak of money stringency.—*National Bank of the Republic of Chicago.*

#### WHEN IS A TRADE ACCEPTANCE NOT A TRADE ACCEPTANCE?

The trade acceptance we find in the regulations of the Federal Reserve Board is clearly a written acknowledgment of the credit obligation running coincident to the sales terms and bearing certain provisions which entitle it to the name and to a certain preferential position accorded by the Federal Reserve Board to this class of commercial paper.

Now, if an instrument reading like the trade acceptance is accepted to liquidate an account not in accord with the provisions of the Federal Reserve Board, then the instrument cannot justly be termed a trade acceptance. It is nothing more than an accepted draft and can rank no higher than a promissory note tendered and received for the settlement of an overdue account.

We greatly regret the tendency of some debtors to take advantage of this splendid instrument for the settlement of overdue accounts, and we also regret the willingness of some creditors to accept this type of paper for the settlement of overdue accounts. Such abuses must cease—at least it must be under-



stood thoroughly that only commercial paper conforming exactly with the provisions of the Federal Reserve Board is entitled to the name of trade acceptance. It is a misnomer to use this name for any other type of paper and not only a misnomer but clearly a deceit.—*General Letter—National Association of Credit Men.*

#### MORE INFLATION POSSIBLE

Of course, it is possible for us to allow everything to keep on going up but everytime we raise wages and prices it will be necessary for the banks to extend more credit and very soon the banks will have extended all of the credit that is available and the Federal Reserve Banks will have extended credit until their reserves have reached the minimum point that is considered wise and conservative under the Federal Reserve Law. Upon arriving at this point, we could urge our Federal Reserve Banks to continue to extend credit and to print and issue a constantly increasing amount of Federal Reserve notes, disregarding the dictates of wisdom and reducing the reserves constantly toward the vanishing point. But as fast as this new money was created and new credits extended, wages and prices would continue to rise and if this course could be continued to its logical conclusion, we would experience much the same situation as has confronted Russia where everybody owns a bale of paper money but can buy practically nothing with it. As some one has said, this process would merely result in turning our Federal Reserve notes into stage money and would lead only to chaos and general bankruptcy. Surely, we would not pursue such a course and consequently if we are not to inflate further, we must necessarily deflate for many factors would make it impossible for us to hold our present position and neither inflate further nor deflate. Furthermore, few people would wish us to hold our present position even if it were possible for us to do so for inflation has not brought real prosperity or contentment to any great number and this fact is beginning to be

realized by everybody.—*Geo. Woodruff, president, Illinois Chamber of Commerce.*

#### HAVE FAITH IN AMERICA

I have the abiding faith that America will do her duty towards Europe honorably and fully.

From aristocratic ages we have taken over the old beautiful saying: *Noblesse oblige*. Translated into plain democratic American language it means that we cannot seclude ourselves and aspire to live in wealth and contentment, while the rest of the world suffers poverty, starvation and distress. If we were willing to accept that position, we could no longer keep our heads high as citizens of the United States when in the future we gaze into the eyes of our fellow-men.

It would be a tragic irony of fate if the most unselfish and most generous effort ever made by a nation should lead to such a pass. That outcome is unthinkable. No matter how much at present we falter and flounder, that ultimately we shall rise to the standards of our proud traditions, nobody can doubt who knows and trusts in the fair-mindedness and self-respect of the American people.—*Paul M. Warburg, formerly member Federal Reserve Board.*

#### MUST KEEP TRADE ON THE BASIS OF BARTER

Every situation like this brings a lot of people to the front with remedies. There are proposals for an international currency, an international gold reserve, an international clearing house, an international bank and for a Government foreign bank on our own account. All of these proposals overlook the fundamental truth that trade is essentially barter and in the long run must settle itself. Gold is a convenient medium for settling balances which run one way for a few months and the other way for a few months, but international trade is on such a great scale that the amount of gold available for payments is small in comparison. There isn't gold enough in all Europe to pay its

adverse trade balance with the United States last year. Moreover, no country will allow its banking reserves to be disturbed unduly. We ourselves would be as quick as any to establish an embargo if our gold reserves were seriously threatened. The plain fact is

that in the nature of things trade must be kept on the basis of barter; it must be brought into balance, and high exchange rates are the natural and only effective means of bringing it into balance.—*Geo. E. Roberts, vice-president National City Bank, New York.*



## The Queen Sits in the Counting House\*

Women, the Most Modern of Bank Equipment, are Making a Place for Themselves in the Financial World

By Eudora Ramsay Richardson

**O**F ALL EQUIPMENT in southern banks woman is about the most modern, newer indeed than bookkeeping machines and exchange counters, more modern than the latest idea of the newest director. Unlike other time-saving devices we came paradoxically sought for and yet unwelcome. We are not setting the world afire, but we are making good in that practical, progressive, steady way which means permanence.

The beginning, the middle and the end of our story is that we are new in banks, distressingly, terrifyingly, appallingly new, and no one is more impressed and awed by the newness of it all than the young woman entering for the first time this male sanctum of finance. According to Mrs. Mary Roberts Rhinehart, business in its strictest sense—and business in its strictest sense means the making and handling of money or some other medium of exchange—has been man's field ever since Cain and Abel went into the stock-farming combine, with one raising grain for the other's cows and taking beef in exchange. Through the ages men have arrogated to themselves the pleasure of making the money, and women had to take what was left—the task of spending it—and, mind you, women have been for the most

part wise spenders, despite masculine witticism to the contrary.

Then came the war, and into the banks went the women, because at last the call had come to serve. With the war necessity more than a year past and without accurate statistics at hand, it has been estimated that 75 per cent. of these so-called emergency employees are remaining. Quoting Mr. Kinsey, past-president of the New York Chapter American Institute Banking, "Girls have come into the banks to stay, because we need them, and because they have made good."

The spring of 1917 witnessed the dramatic entrance of women into the realm of war finance, straight inside the austere portals of the Treasury Building itself. Prior to May, 1917, there were but a few women bond sellers throughout the country, and those few must be viewed as notable exceptions, not path-finders—as Dr. Samuel Johnson said of a woman public speaker, rather like a dog standing on his hind legs, remarkable because so unusual. It will be remembered that during the first loan the woman's work was largely auxiliary and advisory; the Woman's

\* Extracts from an address delivered before the Richmond Chapter of the American Institute of Banking. The author is director of the Woman's Division of the War Loan Organization, Fifth Federal Reserve District.

National Liberty Loan Committee with power to organize the country, having sprung into being prior to the second loan. Bereft of her parlor and its bread and honey, the queen of the nursery rhyme took her seat in the counting house, even by the side of the very king who through all the ages had been solemnly counting out his money unaided.

But what about the bank itself? Has the woman venture been a success? In the trade group of occupations, according to the 1910 census, 23,159 women appear in the bankers' and brokers' section. Prior to the war six out of a hundred women in banks went to the top and forty out of a hundred men—not so bad when you consider that in 1910 those women listed were but infants in the trade and that banks have been men's ever since there were any banks.

Revolutions, however, have taken place since 1910, revolutions political, social, economic and revolutions in the minds of men. Unfortunately, we are too near at hand for our perspectives to be good and too near for statistics to be obtainable. That women have made good is evidenced by the fact that we are remaining. It is estimated that less than five per cent. of the girls employed to fill war emergency have been discharged for incompetency, those leaving doing so because of the return of men whose places they were holding. To claim, moreover, that we have done anything startling in the two years and a half following our coming-out party would be absurd. Do men dare make sweeping generalizations regarding the achievements of the male clerks of two years' standing? Quoting Mrs. Poyser's famous saying, "I ain't denying women are silly. God A'Mighty made 'em to match the men."

Even in so conservative an institution as the bank we see from time to time an idea entirely new and radical creeping in. Recently a departure from precedent has been taking place in the installation of a woman to consult with women primarily, and men, too, for that matter, concerning the relation of the family budget to the savings account.

Simply preaching thrift was found to be inadequate. It is conceded that every thinking person knows that part of his earnings should be salted down for future needs, but the average bank customer desires to be shown how he may save. Economists have learned much about budgets, and what balance there should be between the expenditures for clothes, food, housing, recreation, savings, etc. Someone conceived the idea of having the bank give simple instructions in personal and household economy through publicity and interviews. In results we are told that the experiment has exceeded the fondest dreams of its exponents. When a Middle Western bank, introducing the economist, stated through the press that letters asking for interviews were invited, 400 responses are said to have come in during the first week. The woman fitted to hold the position opened by this new field must not only combine with practical and theoretical budget making a knowledge of banking, but in most cases she must have had advertising and publicity experience and invariably she must know how to deal with people.

Just here, however, women are found to excel. We serve to humanize any business we enter, and faith, most businesses need somebody's humanizing touch. No matter what our surroundings or how large the work we are doing, women are always social beings. A business man told me the other day that in his opinion it was the woman in executive capacities who was revolutionizing the business letter. In other words, we are not prone to fall into stock phrases, life savers, as a stenographer of mine once called them. "Your favor of the 22d instant received and contents noted. In reply to same, I beg to state,"—is not the way a woman begins a letter, and let us hope it never will be. Just the personal touch a woman gives to her correspondence a bank's department of new business needs. Mail order houses discovered the woman letter writer long ago; banks are discovering her now.

There was but one real criticism made of women in banks. Irvin Cobb, in his facetious article, "You Know How Wo-

men Are," claims that the suitably dressed business woman is the exception. As I went through the banks of Richmond on a tour of interviewing the other day, I longed for the misguided man to make him reverse his generalization. He would have been forced to admit the inappropriately dressed girl to be the exception. I must tell you about one cashier who mildly criticized women for dropping their handkerchiefs—not that dropping one's handkerchief is a crime. Young men, however, who obviously ought to have their eyes on their work are too quick to discover the fallen article, and in picking it up lose valuable time, which is the fault of the girl since it was her handkerchief rescued. Another man found the men becoming jealous of a too proficient girl bookkeeper, which was a most unfortunate situation, since the girl really shouldn't have been too proficient. His solution was all girls or all boys—obviously the outcome in this little bank was soon all boys. What became of the very excellent girl? Oh, well, that is another story.

But coming to the criticism—here it is: Several of the Richmond bankers, who talked most constructively about the future of women, are of the opinion that we do not view our work as though we expected it to be permanent. Possibly the attitude has its psychological explanation. There is the feeling on the part of the employer, in the first place that the girl will sooner or later forsake him for a more binding contract of a matrimonial nature, and even if the girl herself is putting her whole heart into the work, she is not given the chance for promotion that she deserves. On the other hand, there are far too many young women who enter business reluctantly—like the heroine of "Their Yesterdays," putting more of their best thought upon dreams of the release surely to come than upon the work they have undertaken. When girls generally realize that marriage is made no more certain by forever thinking of it, the business advancement of women will be freed of many impediments now in the way.

"Continually," said one wide-awake

cashier, "I find it necessary to be changing my men around, giving them different work to do in order to keep them satisfied, but I find that girls, equally as deserving and efficient as the men, seem willing to remain where they are."

Possibly this state of affairs harks back to the burden of my talk. We are, after all, new, appallingly, terrifyingly new, and perhaps our timidity keeps us from urging the change which our best interest demands. If there is one message I should like to get over to the bank women of the South, it is this: Keep sweet always, but don't stay put. We are the daughters of a new age. The gate is now ajar, though not wide open. There must be a little pushing on our part, but each time another passes through, it is easier for the woman following. Before us stretches the great high road of success, and, after all, the goal will be worth the patient years of endeavor.



## Savings and Insurance

**T**HE ALBANY CITY SAVINGS Institution, Albany, New York, has developed a savings plan which provides for the accumulation of a savings fund the interest on which will pay the premiums for a \$1,000 endowment life insurance policy. The scheme provides for an effective cooperation between savings bank and life insurance company. The details are enumerated in a little folder with the title "A Get-Ahead Plan" which was widely distributed. It reads as follows:

Everybody wants to get-ahead.

Some strive to get-ahead in business, some in position, some socially and almost all financially. This plan is for those who want to progress and get-ahead financially. When a man or woman has saved a thousand dollars they begin to have a feeling of security and confidence and their future looks bright, but to save the first thousand seems almost an impossibility.

The Albany City Savings Institution, 100 State street, has adopted the following Get-Ahead Plan whereby the first one thousand

dollars may be easily acquired with a little effort and attention.

This is the plan:—Every pay day \$20 monthly or \$5 weekly is to be deposited in a savings account which with compound interest at the rate of 4½ per cent. will amount to \$1050 in forty-eight months.

This \$1050 will then produce another \$1000 without any further saving on the part of the owner and this is where you really get-ahead, viz:

The officers of the bank will help you to safely invest your \$1050 and the income

from the investment will provide premiums for a \$1000 Endowment Life Insurance Policy at the average age.

The Insurance Company will pay you \$1000 in cash at the end of twenty years or pay that amount to whomever you may designate in the policy if you should die in the meantime and you or your estate will also possess the original \$1050 which you saved.

Talk this over with your life insurance man and try our Get-Ahead Plan by starting an account next pay day.



## Old Fashioned Courtesy in Banking

**T**HE VISIT of the Prince of Wales to Canada served as a text for some timely remarks on the subject of courtesy which were published in the Union Bank Monthly by C. A. Chesterton, Calgary manager of the Union Bank of Canada. Mr. Chesterton said:

Lately we have entertained a most distinguished guest. I ask the young men and young women of Canada, what was one of the great secrets of the charm and consequent popularity of the Prince of Wales—undoubtedly his considerate civility and his perfect politeness. Yet there was no sign of condescension, nothing patronizing, nothing artificial.

That splendid poise and perfect politeness, now so natural, is the result of a discipline of body and mind that has resulted in an easy, natural habit or second nature. It is easy to apologize for bad manners and crude courtesy by saying, "We Westerners hate hide-bound convention and conventionality." But the Prince's perfectly easy demeanor gives the lie to our explanation. There is no excuse for our lack of courtesy—there is no apology for bad form and the familiarity that breeds contempt.

The type of man in our banks to-day too often offends rather than commends. He is a great contrast to his fellow of a century ago. It was no effort for the bank clerk of former days to say "Sir." He lost no dignity because, so long as he was behind the counter, he was dealing with the

public and recognized himself as the servant of the public. To know the importance of the word "Sir" and to understand the value of the word "Sir" in proper proportion are wonderful assets in business relations.

If young men of to-day, and notably those on the staff of the banks, only realized how much depends on first impressions. A man usually forms a favorable or unfavorable idea of a bank and its staff according to first impressions and these are due to the subtle and far reaching influence of a courtesy, a civility, a consideration that is as natural as breathing. Men that have this courtesy, that is apparently so natural and easy, have been and are rigid with themselves. They even refuse to call one another by their first names during business hours. It is always "Mr." to every one of his associates, as it is "Sir" to the business men to whom he is giving service during business hours. He reserves easy familiarity for the club or the golf course.

In a word, he magnifies his office, quite unconscious, perhaps, that he is but following the wisdom of a greater than Solomon. "Whosoever will be great among you, let him be your minister and whosoever will be chief among you let him be your servant."

If members of the staff of this bank have grasped the value of common courtesy and the civility, without servility, that can use the word "Sir" and "Mr." in business hours with the public and one another, this short article will not have been written in vain.

# Book Reviews

**EXPORTER'S GAZETTEER.** By Lloyd R. Morris, New York: American Exporter.

This book is of vital significance to all who are interested in foreign trade and overseas markets. The work is so arranged that all the commercial and industrial statistics, weights and measures are converted into dollars and American measurements, that the reader can get facts immediately without the process of converting.

The countries of the world have been grouped in alphabetical order by continents and other major geographical divisions so that adjoining markets are found. Detailed information is given for each country. Under production and industry there is a detailed survey of all industries. Comparative tables showing the relative growth of the import and export trade of the United States, Great Britain, France and Germany are also given. Separate sections of the book are devoted to the new states such as Czecho-Slovakia, Jugoslavia, Poland, Finland and others.



**SPANISH AND ENGLISH COMMERCIAL VOCABULARY.** By Carlos F. McHale, New York: Ronald Press.

This is a complete specialized dictionary of the words and phrases used in Spanish and English speaking countries. Monetary units, coins, weights and measures have also received special attention. Whenever a term has a different meaning in Spain from that which prevails in Spanish America, the distinction is plainly indicated. This feature makes the book valuable to those engaged in trade with South American countries, as it is a reliable dictionary of Spanish commercial terms as they relate to Spanish America.

Carlos F. McHale, the compiler, has been director of instruction at the Centro Internacional de Enseñanza, Madrid, and is now Spanish instructor and editor, The National City Bank of New York.

**HOW DIRECTORS SHOULD EXAMINE THEIR BANK.** By O. W. Birckhead, Washington, D. C.; A. S. Pratt & Sons, Inc.

As directors of banks must make an examination of their banks at different times, this book is designed to help those whose business activities are in other than banking lines and who are not familiar with the details of a bank.

The examination is conducted first on the appraisal of assets and second on proof of the actual existence and legal custody by the bank of all assets called for by the general books. The work is explained step by step by the author with definite instructions to the examiners. He endeavors to convince the directors of banks of the great importance of being familiar with the actual condition of loans through constant examination in order to prevent serious loss as a result of inadequate supervision.



**THE AMERICAN ECONOMIC REVIEW.** Princeton, N. J.: American Economic Association.

This number of the Review contains articles on present-day government problems by authorities on the subjects, and discusses a wide range of economic questions.



**You.** By Irving R. Allen. New York: Cosmopolitan Book Corporation.

Pithy sentences are used by the author to enforce upon his readers what he terms "the great law," namely: "Success comes to the man who gives more than he receives." This is regarded as the key that opens every door. There is besides a great deal in the book in the way of helpful suggestions for right living and thinking.

At a time when far too many people are intent upon getting all they can and giving as little as possible in return, a book devoted to enforcing upon our attention the value of the rule above stated may be regarded as distinctly worth while.

# The "Bankers Conspiracy"

**S**EEKING to convey the impression that the bankers of the country are in a conspiracy to oppress the "common people," various agencies in some of the Middle Western States are circulating a series of pamphlets containing what purports to be a quotation from *THE BANKERS MAGAZINE*. That such a statement as is quoted never appeared in the magazine or anything even remotely resembling it is of no interest to the originators of the propaganda whose sole aim seems to be to create in the public mind a false impression.

The quotation which in most of the pamphlets is attributed to the 1892 volume of the magazine follows:

We must proceed with caution, and guard well every move made for the lower orders of the people are already showing signs of restless commotion. Prudence, will, therefore, dictate a policy of apparently yielding to the popular will until all our plans are so far consummated that we can declare our designs without fear of any organized resistance.

The Farmers Alliance and the Knights of Labor organization in the United States should be carefully watched by our trusted men, and we must take immediate steps to control these organizations in our interests or disrupt them.

At the coming Omaha convention to be held July 4th, our men must attend and direct its movements, or else there will be set on foot such antagonism to our designs as may require force to overcome.

This, at the present time would be premature. We are not yet ready for such a crisis. Capital must protect itself in every possible manner through combination and legislation.

The courts must be called to our aid, debts must be collected, bonds and mortgages foreclosed as rapidly as possible.

When through a process of law, the common people have lost their homes, they will be more tractable and easily governed through the influence of the strong arm of government applied by a central power of imperial wealth under the control of leading financiers. A people without homes will not quarrel with their rulers!

History repeats itself in regular cycles. This truth is well known among our principal men now engaged in forming an imperialism of capital to govern the world. While they are doing this the people must be kept in a condition of political antagonism.

The question of tariff reform must be

urged through the organization known as the Democratic party, and the question of protection with reciprocity must be forced to view through the Republican party.

By thus dividing the voters we can get them to expand their energies in fighting over questions of no importance to us except as teachers to lead the common herd. Thus by discreet action we can secure all that has been so generously planned and successfully accomplished.

It seems hardly necessary to state that such words never appeared in *THE BANKERS MAGAZINE*. They are so utterly inconsistent with the high spirit of patriotism and of public service which the bankers of the United States have always shown that they might safely be ignored as preposterous and absurd were it not for the inflammatory effect that such garbled and false ideas might have on unthinking minds.

The reader of such literature, especially if he be of that far too numerous class that prefers to receive its thinking ready made, will be only too inclined to jump to the conclusion that there is a conspiracy of bankers seeking to destroy the happiness and prosperity of the people. In this state of mind, he falls an easy victim to any soap-box orator who holds out an equally false promise of eutopia in the overthrow of the so-called capitalistic classes.

The way to combat falsehood is with truth—not with indifference, not with hysterical recriminations that only engender a blind hatred that shuts out all reason. If malicious and misleading ideas are being circulated about bankers, it is clearly the duty of bankers to be equally diligent in the dissemination of truth. The public must be taught a proper conception of what the functions of banking really are and the important part that it plays in the prosperity of the community. The shroud of mystery which has surrounded the business of lending credit must be removed. Bankers have nothing to fear from the truth.

Much can be done through advertising. Already a marked change is

noticeable in the character of banking publicity. More and more bank advertisements are being humanized and are making a real attempt to explain to the public something about the various services that a bank performs. But there is still room for improvement. There is still need for human interest

publicity that will appeal to the man in the street and which will successfully compete with the propaganda of the radical. Until bankers fully awaken to the necessity for such measures, they cannot justly complain if at least a portion of the public regards them in a light that is utterly false.



## Mutual Problems of the Banker and the Farmer

ONE OF THE speakers of the last session of the Washington State Dairymen's Association was J. W. Spangler, president of the Seattle National Bank. Mr. Spangler's subject on the program was "Mutual Problems of the Banker and the Farmer." The following extracts from his address will be read with interest:

"I imagine that this group of men does not expect much from a banker. I imagine you feel a banker is somewhat distant from you; in one sense our point of contact is imperfect. But I would not have you imagine for a moment that I am utterly ignorant of that which goes on on a farm. I know what a clevis is. I could distinguish between a neck yoke and a doubletree. I know that you throw a harness on from the left side and you milk a cow from the right, and I even believe I could make an unweaned calf drink from a bucket.

"I suppose the most direct contact we have is that to which your president referred—through the country banker. The city banker is frequently called upon to assist the country banker during the seasonal demand, and they are always glad to do it.

"I represent an institution not uncommon in its practices—buying short-term investments, going into the open market and buying obligations known as commercial paper.

"There is no line that attracts me so much as the stock line. I like to buy the paper back of which are the biggest resources of this country.

### CREATE ORIGINAL WEALTH

"I think everybody knows, if he stops to consider it, that you, as farmers, represent an industry that creates original wealth, original values. The rest are not so important, primarily, and this I believe to be a fact, that the rest are either dealers in value or converters of value, but when it comes down to original creation of wealth you are among the few in such a class.

"As a banker I know some of the peculiarities of the profession. I know the reputation in which we are held. I know you look upon a banker as a being cold and unemotional—a mild way of putting it.

"I would like to tell you, in passing, some of the methods you might well employ in dealing with your banker. I am not going to tell you just how to borrow money, for fear you might turn upon him. I will just give you a few cardinal principles.

"Be frank and honest and complete in your statements to your banker. If you seek to borrow from the bank make a complete exhibit of your financial condition. Tell him what you have, what you owe, when it is due. Why? Why so



intimate? For this reason: The banker is not seeking an opportunity to refuse a loan; he is seeking to make a loan which, if made, will not prohibit his sleeping nights. He wants the money back. Most of the money he so employs is entrusted to him by others. He must get the money back at the time it is agreed upon. Do you notice the frequency with which criminal proceedings follow banks that fail, and that such proceedings are comparatively few in other lines? It is a rare thing for a bank to fail and not have a criminal prosecution follow. If the banker in making the loan seems to be somewhat inquisitive, do not attribute it to the fact that he is cold, but because he desires to be on the safe side.

#### ANTICIPATE MONEY NEEDS

"Do not wait until it is necessary to borrow money before you cultivate the banker. Anticipate your future borrowing needs. Visit with the banker and indicate how you are progressing. Arouse in him his sympathy in your efforts, because he will bear cultivation. Do not issue a check against your account which, if paid, would overdraw your account at the bank. Some think, 'My credit is good, why should my check not be paid?' The banker probably knows you are good, but it is against the law for him to allow you to overdraw your account. The law provides the loaning method, i. e., that a loan shall be made by note and not by overdraft. There is nothing so embarrassing to the banker as the overdraft; he wants to accommodate you, does not want to embarrass you, yet he wants to obey the law.

"I think you men are capitalists; if there is any group in this country that are really and distinctly capitalists it is you. There is rather too much of class talk in this country, especially at this time, but if I were to classify the farmer I would classify him as belonging with the banking and market interests, property owners and employers of la-

bor. Just in passing I wish to mention that as representing a principle which renders our interests more than ever mutual.

"These few things I have mentioned to you may seem commonplace—there are other problems of more profound concern to you, and many that are as truly mutual as the common, every-day ones to which I have referred; problems that require the most conscientious study and discussion as they occur to you in every department of your work. There is at the present time so much unrest—nobody is satisfied—it doesn't make any difference what group you interrogate, nobody is satisfied.

#### AMERICANS PECULIAR

"The American people are very peculiar—God bless them! But they are the most intemperate people in the world. They rush from one extreme to another. Recall the complacency with which we viewed our unpreparedness for war. Prior to the war, if you were to listen to men discussing the war, you would hear, 'Nobody can lick the United States.' This was true—but no one made any effort to prepare, and we were not prepared when we found ourselves in this most terrible of all wars. Every man did everything he could do to further the interests of the United States.

"We spent money—a great deal of which we didn't need to spend had we been foresighted—and the expenditure was only justified by the exigencies of the occasion. This applies to most everything we do. Not long ago we were not practicing any particular temperance with regard to the liquor question—everybody was drinking everything he wanted—and that was a good deal in many cases—and finally, after the liquor interests had abused every privilege, we went to the other extreme—after that a man couldn't get a drink if he was dying of influenza—if that was the only cure for it."





## Observations of an Outsider

### A Non-Banker Gives His View-Point on Banking Service

**I** MET a lot of the younger bankers assembled in Boston at the A. I. B. Convention. They are a live bunch, fully abreast of the times, eager to hear about new and improved methods, fully alive to but not depressingly overburdened by the traditional dignity of their chosen profession. I liked 'em, and believe they will make some of the older bankers look to their laurels.



One young banker said to me: "I want to study bank advertising, not the mere writing of good bank copy, but I want to get at the whys and wherefores of the appeal which the live bank makes to the public." That fellow, some day, is going to write some copy for his bank that will do wonders.



Was in a big safe deposit vault the other day. Had to be there quite a while. Somehow I got to wanting a smoke. Couldn't smoke in the vaults as it was against the rules. Finally I finished my business and started out. Just outside the big steel door I spied a neat shelf bearing a match safe, ash tray and other smoking paraphernalia. It was an invitation, a courtesy and a little bit of attention, that somehow set me thinking that if those people went to such infinite pains to cater to the comfort and convenience of their customers, they must be just as painstaking in their larger efforts to guard the trea-

sure committed to their charge. They are, too.



Speaking of safe deposit vaults—it is a source of never-ending wonder to me to hear these "watch dogs" call every man who comes in by his right name. Never a slip. Customers are recognized at once and named. Strangers haven't a ghost of a chance of bluffing their way in. I know, because I had to go down to a strange vault once and was interested to see how far I could get by an assumption of a right-at-home air. I didn't get far. In fact, I didn't get at all, but I was held up in a perfectly courteous and firm way until my identity and business there had been established.



I asked a young bank clerk the other day what rate his bank was getting for loans at that time. He said: "I don't know, for, you see, I am in the ——— department and have nothing to do with the loan department." I don't know whether it was his fault or the fault of the bank management, but here was perfectly good "banker" material being rapidly turned into a machine to do one job only. That young fellow, if he was any good at all, must have done more or less talking about "his" bank among his friends and acquaintances. In other words he was a potential advertisement for the bank. The bank should see to it that he was an intelli-

gent, well-prepared advertisement. Some banks are already holding weekly and monthly meetings of the whole force, at which all the operations and many of the policies of the bank are freely discussed.



I was waiting in the bank the other day, and actually overheard the following amazing bit of pettiness: A vice-president of the bank, newly elected, was approached by a man whom he knew well, and who wanted some sort of accommodation—to have a check cashed or get a small loan, I could easily imagine. The new vice-president put his o. k. on the paper, and, after a pleasant chat the customer went over to one of the tellers' windows to transact his business. There, to his amazement, he was turned down cold. Of course he went right back to the vice-president. The latter asked the teller what he meant by his action and the teller replied that another officer of the

bank had been standing in his cage and had ordered him to do as he did. The vice-president carried the case to the officer whom the teller named, and I heard the latter say "I didn't recognize the man as a customer of the bank, and, besides, I did not know that you had o. k.'d his application." It may have been merely petty jealousy or it may have been just rotten team work, but it made the customer angry and uncomfortable and attracted the attention of several others in the lobby beside myself.



How many officers should a bank have? I'm only an Outsider, so I don't know. Seems to me tho' that now-a-days the inactive officers who lend their names but not much else to the institution. are not half as impressive as the one or two real active officers who have their coats off hustling for the bank all the time.



## Federal Reserve Encourages Reasonable Motor Truck Credits

**I**N RESPONSE to urgent requests for some definite ruling concerning the discounting by banks of motor truck paper, the Governors of certain important Federal Reserve districts have announced a position which appears to be most favorable to the motor truck industry.

David Thomas, general manager of the Motor Truck Manufacturers' Association, with headquarters in Chicago, has spent considerable time in Washington with Federal Reserve officials, in behalf of the leading motor truck manufacturers. Through other sources, also, he has endeavored to trace the causes of the credit problem which has proved so troublesome for both makers and dealers in motor trucks. He says:

The position which the Federal Reserve Board has taken is most satisfactory to the Motor Truck industry. It is not discriminating for or against any industry by name. Its position is so clearly stated that if the motor truck were fully appreciated by the public and the bankers, there would be no motor truck credit difficulties.

Mr. Thomas also quotes from a letter written by Governor Harding of the Federal Reserve Board, in Washington, D. C., to Senator Owen. In part, the letter reads:

The Board is insisting that all banks use a discriminating judgment in making loans, giving preference to those which are necessary for the production and distribution of the basic necessities of life, such as clothing, food and fuel.

In the opinion of Mr. Thomas, the

transportation advantages of the motor truck alone entitle it to favorable consideration by bankers, according to the above letter. He also quotes from a statement by the Federal Reserve Board in May showing the latitude allowed bankers in extending such credits. The statement reads:

It is the view of the Board that while Federal Reserve Banks may properly undertake in their transactions with member Banks to discriminate between essential and non-essential loans, nevertheless that discrimination might much better be made at the source by the member banks themselves. The individual banker comes in direct contact with his customers because of his familiarity, not only with the customer's business, but with the general business condition and needs in his immediate locality. In making loans he is bound by no general rule of law as to the character of the purpose for which the loan is being asked. He is entirely free to exercise discretion and make one loan and decline another as his judgment may dictate.

In order to further corroborate the above statement, Mr. Thomas submits a letter which he received from M. B. Wellborn, Governor of the Federal Reserve Bank at Atlanta, Ga. It reads in part as follows:

Replying to your telegram with reference to my views as to the action of the Federal Reserve Bank in Atlanta in connection with rediscounting automobile paper and the distinction made between what is termed pleasure automobile and trucks and tractors—the credit situation at this time is such that I feel we have reached a

point where it is imperative that we should have an intelligent and discriminating policy of control over credits, especially these extended for pleasures and luxuries, and for that reason we are restricting credits for financing the purchases of pleasure automobiles.

I think that at this time when transportation facilities are so badly crippled we are doing a useful public service in continuing to grant credits for financing trucks and tractors.

At the present, the credit situation is pretty closely interwoven with transportation; commerce being tied up due to lack of transportation of necessary goods. The false policy of the public for years past in regard to the common carriers injured them to the extent that their credit has been greatly impaired and the public is now suffering as the result of their treatment of the railroads.

I feel that anything that can be done to encourage production and the sale of motor trucks will be of real value to the transportation problem; and in view of the shortage of farm labor and the necessity for increased production of foodstuffs I think the entire country will benefit from the manufacture and sale of tractors.

Very truly yours,  
(Signed) M. B. WELLBORN.  
Governor.

In the last analysis, according to Mr. Thomas, it is clearly up to the local banker to accept or reject motor truck paper.

As showing the importance of this industry, it is estimated that at the end of 1919, there were 953,093 motor trucks in use in the United States, compared with approximately 700,000 at the close of 1918.





Morgan, Harjes and Co.'s Bank, 14 Place Vendome, Paris

## A House of Finance in the Historic Place Vendome

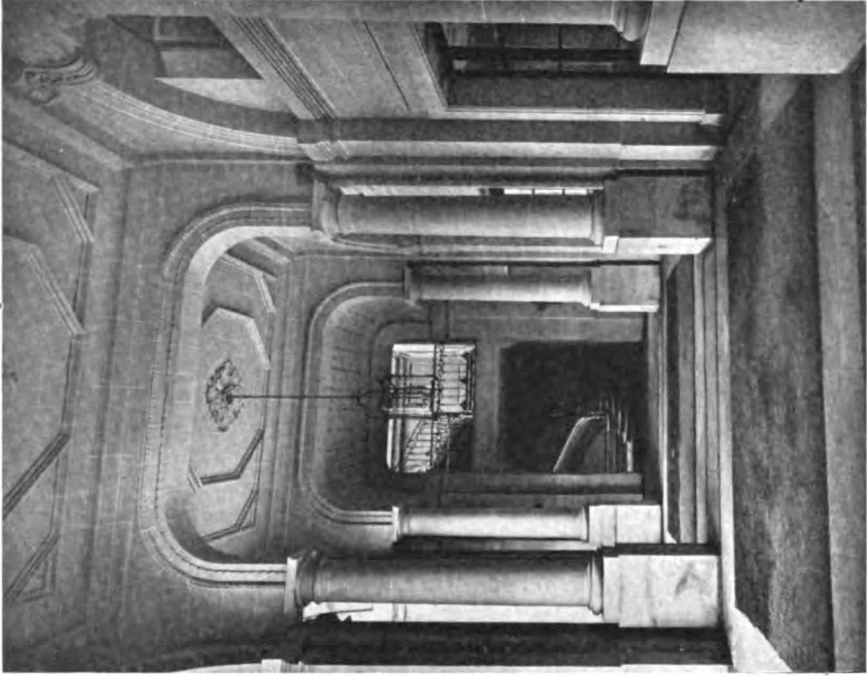
**F**EW banking-houses have a more historic setting than that of Messrs. Morgan, Harjes & Co., in the Place Vendôme, Paris.

The history of the Place Vendôme may be said to be a replica of the history of Paris since the beginning of the eighteenth century, and the vicissitudes of the famous "Colonne de la Grande Armée" reflect the political history of France from the time that the effigy of Napoleon replaced that of the "Roi Soleil" as the central ornament of Paris' most distinguished site. The Place Vendôme witnessed and contributed to all the glories and graces of French civilization for a century before the Revolution, and many of the tragically dramatic events which followed that

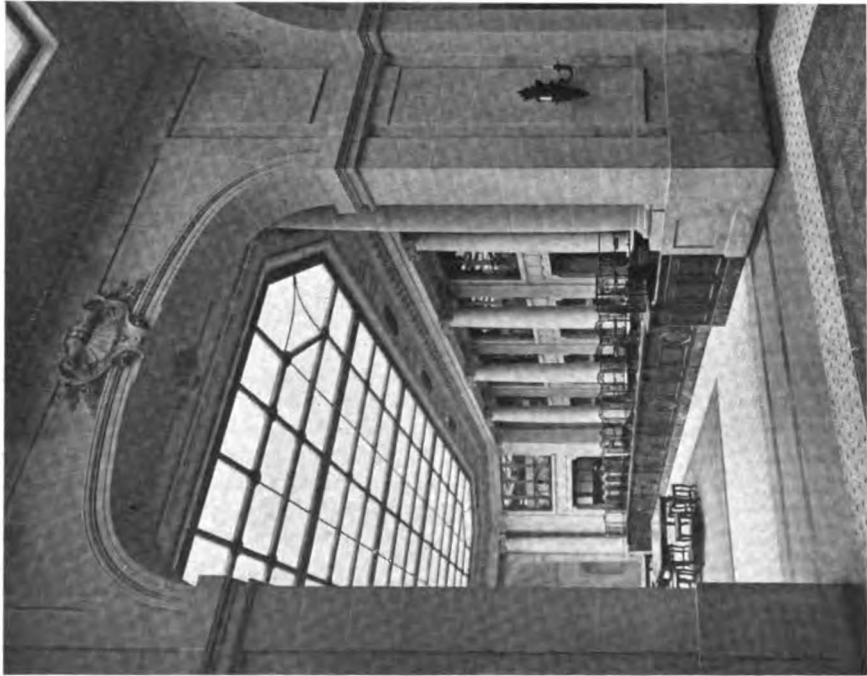
brilliant period found their counterpart in incidents which happened within its boundaries.

It was in 1685 upon the gardens and hôtel of the Duc de Vendôme—the natural son of Henry IV and Gabrielle d'Estrée—that Louvois, assisted by the architect Mansard, began to carry out the ambitious plans which they together had persuaded Louis XIV to adopt for the erection of a "Place" which would outdo all others, and where the statue of His Majesty, as the "Conqueror of Peoples," would be surrounded by the abode of the principal public administrations, the Mint, the academies and the embassies.

Soon after the work had been begun, Louvois suddenly died, in 1691, and



Vestibule and Main Staircase



View of Main Banking Floor

Louis, alarmed by the amount of money already expended and that which still remained to be spent, gave orders that the work be stopped.

The former property of the Duc de Vendôme, together with the grounds of the adjoining Capucines Convent, were handed over to the City of Paris, which passed the property on to private individuals through the intermediary of a company formed for that purpose on the express condition, however that all construction should conform to a general plan and that none should disturb the absolute symmetry of the "Place." The "grand seigneurs" and rich financiers of the time hastened to build their sumptuous habitations around the "Place Louis le Grand," as it was then called, and in 1699 the great bronze statue of Louis XIV was erected before an enthusiastic crowd of Parisians in the middle of the "Place" — a part of the original program which His Majesty had not considered necessary for economy's sake to eliminate.

Among the many illustrious denizens of the Place Louis-le-Grand during the eighteenth century was the notorious Scottish financier John Law, Comptroller General of the Finances of France and promoter of the fabulous and ill-fated "Mississippi" Company. He took up his abode in what is now known as No. 21 Place Vendôme and beneath his windows, within the shadow of the statue of Louis XIV, a temporary Bourse arose.

Law, however, was not to remain very long an inhabitant of the Place Louis le Grand. The Mississippi bubble burst, a terrible financial panic ensued, spreading bankruptcy right and left, and Law had to flee the country.

During the 18th Century the Place Louis le Grand was very much "à la mode" and was the scene of many brilliant ceremonies and spectacles. At the end of the reign of Louis XVI, there were no less than thirteen bankers, "fermiers et receveurs généraux" magnificently installed in the "hôtels" around the statue of the "Roi Soleil." More sombre times, however, were ahead. The French Revolution broke

out, and in August, 1792, the Assembly decreed that all the statues of Kings should be overthrown. Immense crowds invaded all the public places to destroy those "odious signs of feudality." The statue of the "Roi Soleil" was shown no favor, and on August 12 an infuriated mob hurled the bronze effigy of the Great Monarch from its pedestal.

In addition to removing from Place Louis le Grand the outward and visible sign of monarchy, the Revolution in order to further purify this aristocratic centre rebaptized it "Place des Piques."

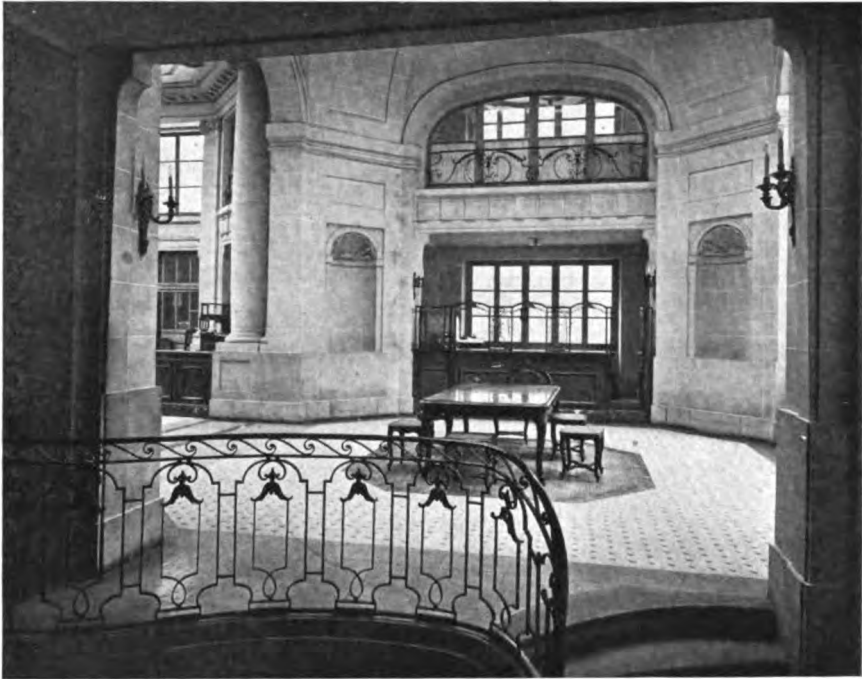
On the day when the statue of Louis XIV was overthrown, Danton, who had been elected Minister of Justice, took up his residence in what is now No. 11 and 13 Place Vendôme, and which up to the Revolution had been the Chancery de France. It is still to-day the Ministry of Justice.

During the Terror, the Place des Piques fell under a cloud. The princely hôtels lost their distinguished inhabitants, nearly all of whom were either guillotined, imprisoned or exiled.

The Terror over and order once more restored in Paris, the Place des Piques again became the Place Vendôme, by which latter name it had previously been popularly known, although officially called Place Louis le Grand.

In 1806 Napoleon gave orders for the erection of a column in the centre of the Place Vendôme "à la gloire de la Grande Armée." Around the interior masonry of the column, which was 142 feet in height and twelve feet in diameter, bronze plates with figures representing the exploits of the Grande Armée were spirally wound, and on the summit was placed a superb statue of Napoleon as a Roman Caesar. All the metal employed was obtained by melting down twelve hundred cannons captured from the Russians and Austrians. An interior spiral staircase of 176 steps was provided for and the total weight of the metal employed was 900 tons.

When the Allies entered Paris, in 1814, an attempt was made by some of the aristocratic fanatical survivors of the old régime to dislodge the statue of Napoleon, but without success in spite of a liberal distribution of liquor



Entrance to Public Safe Deposit Vaults

and five-franc pieces. Several days later however, on Good Friday, April 8, the statue was removed, under official supervision and the eyes of the Russian soldiers, from the top of the column, and later the metal of which it was composed was used in casting the equestrian statue of Henri IV, which now stands in the middle of the Pont Neuf.

From 1814 until 1830, the Fleur-de-Lys—emblem of the old Monarchy—floated from the top of the Colonne Vendôme, but with the change of régime there came a change of emblem and the tricolor took the place of the Fleur-de-Lys.

The pedestal, however, was not to remain long unoccupied, and Louis Philippe, perhaps to propitiate the Bonapartists, who still had to be reckoned with, or perhaps out of admiration for the great soldier, reinstalled Napoleon in the place of honor on the summit of the Colonne de la Grande Armée. On July 28, 1833, before an enthusiastic assembly, a new statue of the victor of Austerlitz was hoisted on the empty pe-

destal—this time not in the toga of a Roman Caesar, but in the legendary uniform and cocked hat in which the soldiers of France had learned to love him and the rest of Europe to fear him.

The next political upheaval—1848—left the Place Vendôme and its column untouched. The future Napoleon III, Prince Louis Bonaparte, lived at that time, after the fall of Louis Philippe, in the Hôtel du Rhin, No. 4 Place Vendôme, and only quitted it to take up his residence in the Elysée as President of the Republic. The “Coup d’Etat” of December 2, 1851, and the result of the plebiscite a few days later turned the former resident of the Place Vendôme into “Empereur des Français.”

During the Second Empire, the Place Vendôme was one of the most elegant centres of Paris, and its wonderful “hotels” were the abodes of men of note and distinction. It was here that, on Sunday, August 14, 1859, the French army, after its victorious Italian campaign, marched past the famous column before the Emperor and Empress, sur-



rounded by all the high dignitaries of France and an immense crowd of ardent patriots.

In 1865 the pedestal on the summit of the column again lost its occupant. This time, however, the cause seems to have been nothing more dramatic than the caprice of a fastidious ruler. The motives are not clear which actuated Napoleon III in removing the "Petit Caporal" and replacing him by a statue of the Emperor once more arrayed in the toga of a Roman Caesar, but the effigy of the "Petit Caporal" was relegated to the unpretentious environment of Courbevoie, and Napoleon Caesar, holding in his hand the winged statue of victory, once more dominated the Place Vendôme.

The troubles of the column were by no means over. The war of 1870 broke out and the "Commune" followed. The Column was an eyesore to many of the Communists and to Gustave Courbet, a contemporary painter of great talent, in particular. It was upon his instigation that the "Commune de Paris," of which he was a member, decided upon the demolition of this imperial monument.

It was not, however, until about a month later that the Decree was put into execution, on May 16, 1871, at five o'clock in the afternoon, before a great concourse of people and beneath a cloudless sky the column, after having been suitably weakened in advance, was pulled down by means of cords and fell with a great crash, while the bands played the Marseillaise and the mob shouted "Viva la Commune."

The long suffering monument, however, was yet to survive all the political upheavals of which it had been the inarticulate idol and victim. In 1875, while Maréchal MacMahon was president of the Third Republic, the column, after slow and patient effort, was reconstituted and replaced once more in its former prominent position.

The communist artist who had displayed so much energy in the destruction of what he and his coadjutors had described as a permanent outrage upon one of the three great principles of the French Revolution — Fraternity — was

compelled by a republican government to pay, as a penalty, the cost of the monument's reestablishment. Courbet was not only made to suffer in his pocket for his former misplaced energy, but the caricaturists of the time also made merry at his expense by showing him dressed in a blouse industriously working, to economize the wages of a workman, on the re-erection of the demolished column and pleading insistently that, in exchange for the hard-earned money, he was forced to disburse, his own effigy should take the place of Napoleon Caesar.

Since 1875, the Place Vendôme and its column have enjoyed an undisturbed existence, and like a happy country have been without history. The only shock which their equanimity has been called upon to support, and supported no doubt with pleasure and even expectation, has been the ever-changing and wonderful fashions which the nimble fingers and artistic brains of the unsurpassed creators of feminine attire have sent out into the world from behind the unaltered and distinguished façade of the 18th Century.

We have now reached the final stage in the history of the Place Vendôme, and it is one in which America seems destined to play a rôle. American finance has taken up its abode in the "Place Louis le Grand." Little did the "Grand Monarque" think, when examining the plans of Mansard and listening to the persuasive tongue of Louvois, that he was preparing future quarters for the financiers of a country which was then further beyond the pale of civilization and more inaccessible than the most remote regions of darkest Africa to-day.

If a precocious Wells had ventured to suggest to Rochambeau or Lafayette that within a few score of years, those whom they were assisting in their struggle to become a nation, would be royally installed in the magnificent "salons" which were the glory of the refined civilization they had left behind them on the other side of the Atlantic, these illustrious soldiers of France would have smiled at the statement as an exaggerated pleasantry, or have shrugged their



Public Banking Floor

shoulders at the hallucination of an over-wrought follower, whose imagination had been distorted by the flickerings of the camp fire on a gusty night. The future however was, is and always will be an unwritten page—and the House of Morgan is to-day installed at No. 14 Place Vendôme.

The newcomers are fitting occupants of the central edifice on the east side of the Place, vis-à-vis the Ministère de la Justice. All through the great war the House of Morgan has been intimately related with France, and long before America had decided to join the Allies the Morgans, in spite of all criticisms and opposition, threw their lot in with the descendants of the "Grande Armée," and helped to furnish the sky-blue uniformed defenders of France with the sinews of war, both in the form of money and material.

The Morgans, however, are not overnight friends of France. During that country's previous hour of trial in 1870, the late Junius S. Morgan issued a French Government loan in London,

and for a half century the offices of Morgan, Harjes & Co. were established in the Boulevard Haussmann. International gratitude has no doubt its limitations, but the French have never forgotten this confidence in their destinies, and the infinitely greater assistance rendered by a late generation of Morgans in the first years of the last great conflict will surely leave for generations to come a soft spot in the hearts of Frenchmen. Hence the equanimity, not to say satisfaction, with which the acquiring of perhaps the most magnificent of all the buildings of the Place Vendôme has been received by French public opinion.

Moreover, there has been no vandalism, and the façade of Mansard, at which the victims of Law no doubt stared for inspiration in the moments of their dire distress, remains inviolate and unchanged. The beautiful "salons" which overlook the now busy square have been scrupulously respected and the necessary modifications for the installation of a great banking-house have

been made in such a way that, in spite of all the exigencies of modernity, the spirit of the 18th Century has not been eliminated from the atmosphere.

The house was bought by the Morgans from the heirs of the Vicomtesse de Trédern. This charming Parisienne, by her brilliant receptions and "soirées, of which her artistic personality was the life and soul, had already made 14 Place Vendôme one of the landmarks of Parisian society during the latter half of the 19th Century.

The first private owner of the Place Vendôme, which was built towards the end of the 17th Century, was Monsieur Paparel, Conseiller du Roi, who bought it from the City Authorities in 1704, and the property has changed hands some fifteen times between then and now. The owners, however, were not always the occupants, and among the latter the following notable persons may be cited: Monsieur Lenormand, Receveur Général des Finances, and Monsieur Lavalette, Fermier Général in the 18th Century, and Comte Murat, Constant Say and Prince de Ligne in the 19th Century. During the Second Empire, one of the Court dressmakers,

Madame Barenne, had an apartment in the building, which made the Empress Eugénie a frequent visitor to 14 Place Vendôme, and during the War of 1870 an ambulance was installed, under the benevolent auspices of the Vicomtesse de Trédern, in the principal salons of the first floor.

Over two centuries have run their eventful course since an exclusive feudalism first conceived the Place Vendôme. The sedan-chair and cumbersome coach have been replaced by the elegant automobile, which perhaps ere long will have to give way to the pneumatically upholstered aeroplane, but the outward aspect of the original Place Louis le Grand has changed but little—and human vanity still less. The "Roi Soleil" little imagined that in and around the Place Vendôme would congregate all the purveyors of cultured luxury, offering their purchases and wares not only to the fortunate members of the fair sex, who inhabited his capital, but to the favored ones of every land and clime; and his august mind still less imagined that among the financial institutions—those accessories before the fact of all luxury and display—destined



Place Vendome, Paris

to find for themselves an abode within the precincts of his sumptuous quadrangle, the descendants of the denizens of the far distant and almost nebulous America would, before the young oaks of the Parc de Versailles had long earned the title of venerable, install a great bank to which their womenfolk and, but perhaps less buoyantly, their menfolk, would flock to obtain the wherewithal to assist in maintaining the reputation of the Place Vendôme as the most distinguished centre of the world's most elegant capital.

The material apparition of America in the remaining and resisting exemplifications of European civilization of the 18th Century is not a transitory phenomena, no mere temporary manifestation of the aftermath of war, but a significant indicative of the future. The great wave which for centuries has

rolled continuously towards the West, seems to have felt the resistance of some distant breakwater, which is sending little gold-tipped ripples back towards the Orient.

Meanwhile, the House of Morgan has taken up its abode in the Place Vendôme, where, respectful of the past, alive to the present and mindful of the future, it has set up an organism eminently fitted by the traditions and sagacity of its creators to develop and co-ordinate between France and America those financial, economical and social interchanges, whose infancy was contemporary with that of Louis XIV, and whose progress towards maturity has received so powerful an incentive through the fraternal association between the two Republics in the recent great struggle.



## Growth of Wells Fargo-Nevada National's Foreign Department

**U**NDER the direction of Manager L. R. Cofer and Assistant Manager Roy E. Warner, the foreign department of the Wells Fargo-Nevada National Bank of San Francisco is rapidly gaining in importance through the wide and efficient service it is rendering.

Ever since 1852, when Chinese engineers were called on to design its first home, the bank has been steadily building up its foreign connections. To-day its foreign department ranks with any in the West, and has business in nearly every country on the globe. This growth is attributed to a large extent to the favorable commercial position with respect to foreign trade which the Pacific Coast occupies. In recent years, particularly so since the world war, trade with South America, China,

Japan, Dutch East Indies and other countries in the Far East passing through San Francisco has shown a great increase, and as foreign commerce increases, foreign banking business likewise increases, as they are mutually related. It is the financing or the assisting of the financing of the trade that is the business of the Wells Fargo-Nevada National Bank's foreign department. This is done by means of direct loans, the issuance of commercial letters of credit, or by making advances against bills of exchange drawn against shipments.

The Wells Fargo-Nevada National Bank's officers are thoroughly alive to the opportunities which the present world situation offers and are keeping the foreign department of the bank up to a high degree of efficiency.

# Banking and Commercial Law

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# Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts  
Upon Questions of the Law of Banking and Negotiable Instruments

## Negotiability of Note

Polk County State Bank v. Walters, Supreme Court of Minnesota, 176 N. W. Rep. 496.

**A** NOTE must be unconditional in order to be negotiable. The note involved in this case, which was given for a piano sold to the maker by the payee, provided that the instrument was to remain the property of the vendor; that title should vest in the maker when he had paid the note; that in case of default, or an attempt to sell or remove the instrument, all payments should be forfeited and that possession should be given to the vendor.

It was held that this note was rendered non-negotiable by the provisions referred to. Being non-negotiable it was subject to defenses even in the hands of a purchaser for value in good faith. It appeared that the maker had a defense against the payee and it was held that this defense was good against a bank which purchased the note from the payee, without notice of the maker's defense.

### OPINION

DIBELL, J.—Action by the plaintiff on a promissory note executed by the plaintiff Walters to the National Supply Co., and by the latter indorsed to the plaintiff before maturity. The making and indorsement were admitted. The court found that the defendant had a defense against the payee; that the plaintiff purchased in good faith; that the note was not negotiable; and that the plaintiff could not recover. The plaintiff appeals from the order denying his motion for a new trial.

1. The note stated that the consideration was the sale of a player piano; that the instrument was to remain the property of the vendor, the payee; that title should vest in the defendant upon payment; that in case of default, or an attempt to sell or remove the instrument, all payments should be forfeited;

and that possession should be given the vendor.

Under the law of this state, as it was before the Negotiable Instrument Act of 1913, the note was not negotiable. Third National Bank v. Armstrong, 25 Minn. 530; Stevens v. Johnson, 28 Minn. 172, 9 N. W. 677; Deering v. Thom, 29 Minn. 120, 12 N. W. 350; Edwards v. Ramsey, 30 Minn. 91, 14 N. W. 272. The promise within our holdings was not unconditional. This is not the holding everywhere, and perhaps not the prevailing doctrine, though the difference in the phraseology of such notes gave rise to distinctions, sometimes uncertain or confusing, when one rule or the other is sought to be applied.

2. The only question, as frankly conceded by counsel for the plaintiff, is whether under the Negotiable Instruments Act the note is negotiable; that is, whether the act changes the former doctrine.

Section 1 of the act requires the promise to pay to be unconditional; and Section 3 is as follows:

"An unqualified order or promise to pay is unconditional within the meaning of this act though coupled with:

"(1) An indication of a particular fund out of which reimbursement is to be made, or a particular account to be debited with the amount; or

"(2) A statement of the transaction which gives rise to the instrument. But an order or promise to pay out of a particular fund is not unconditional."

Laws 1913, c. 272, § 3; G. S. 1913, § 5815.

The precise question is whether the words of the note, coupled with the promise, constitute "a statement of the transaction which gives rise to the instrument," within the meaning of the statute, and therefore by force of the statute the promise is unconditional, though before it under our decisions it was conditional. Our view is that the

statute does not have the effect suggested. Some courts hold, under conditional sale contracts of one kind or another, that it has. *Welch v. Owenby* (Okl.), 175 Pac. 746; *Citizens' Bank v. Buckheit*, 14 Ala. App. 511, 71 South 82; *Ex parte Bledsoe*, 180 Ala. 586, 61 South. 813.

It is to be noted that differences in the wording of the contracts have given rise to distinctions and perhaps some confusion just as before the statute. A discussion of Section 3 and a reference to cases arising under it is found in *Brannan, Neg. Inst.* 15; *Crawford, Neg. Inst.* 16; *Ogden, Neg. Inst.* 271.

The result would not justify the time nor the space necessary to a full citation or a critical discussion of the cases involving like or similar notes. The construction placed by different courts on Section 3 indicates that the Negotiable Instrument Act fails of uniformity in the class of cases before us. If the courts were holding with substantial uniformity that Section 3 has the effect claimed for it we ought so much as possible to conform our views to theirs in aid of general uniformity. Such is not the situation. The doctrine so long prevailing with us has worked satisfactorily. To some extent it has been a protection to those who supposed that they were signing a contract of purchase and not a negotiable note. Bankers purchasing such instruments have not supposed they were negotiable notes. If the Legislature had intended so radical a departure from the settled doctrine of the state it would, we think, have used language more definitely expressive of its purpose.

Order affirmed.



### Note Payable on Demand

*Keister v. Wade*, New York Supreme Court, Appellate Division, 182 N. Y. Supp. 119.

A promissory note, reading as follows: "\_\_\_\_\_, after date, without grace, the undersigned, for value received, hereby promises to pay," etc., is payable on demand.

### OPINION

Action by George Keister against Henry C. Wade. From an order and judgment dismissing the complaint (109 Misc. Rep. 313, 179 N. Y. Supp. 609), plaintiff appeals. Reversed, and judgment ordered.

MERRELL, J. The action was upon a promissory note made by the defendant, payable to the plaintiff. The note, so far as pertinent to the question involved upon this appeal, was in the following form:

"\$3,100.00 New York, Sept. 10, 1918.

"\_\_\_\_\_ after date, without grace, the undersigned, for value received, hereby promises to pay to George Keister, or order, at his office, No. 56 West 45th street, New York City, the sum of \$3,100.00, with interest at the rate of 6 per cent. per annum, having deposited herewith and pledged as collateral security for the payment of this and any other liability of the undersigned to Keister now due or hereafter to become due the following property: Five hundred (500) shares of the capital stock of the Cuban Motor Spirits Company. \* \* \*

The instrument then further provided for a sale of the said collateral pledged as security for the payment of the note in case of default in payment, and was signed by the maker, Henry Clay Wade.

The answer of the defendant admitted the execution and delivery of said note to the plaintiff, but alleged that the defendant made the note for the benefit and accommodation of the plaintiff, and without the plaintiff paying to the defendant any value or consideration therefor.

The action was tried and presented to the jury upon the sole issue as to whether or not the note was upon due consideration paid by the plaintiff to the defendant. The plaintiff, after proving the execution and delivery of the note and demand and refusal of payment, rested. Thereupon defendant moved to dismiss the complaint on the ground that plaintiff had failed to prove a cause of action, particularly that the



note sued upon was an incomplete instrument upon its face, there being no time for payment thereof expressed, and upon which motion to dismiss the court reserved decision. The defendant thereupon introduced testimony tending to show that the note was given for plaintiff's accommodation and was without consideration. In rebuttal the plaintiff disputed defendant's contention in this respect, and gave testimony showing that the note was made for value received. At the close of the evidence defendant's motion to dismiss, made at the close of plaintiff's case, was renewed, and the court again reserved decision thereon. The issues were thereupon submitted to the jury, and a verdict was rendered in plaintiff's favor against the defendant for \$3,310.68, being the full amount claimed, with interest.

Thereupon counsel for the defendant moved to set aside the verdict upon the grounds mentioned in section 999 of the Code of Civil Procedure, and upon the ground that the verdict was contrary to law and excessive in amount. The record does not show that such motion was entertained by the court, and the court did not determine the same. Counsel for the defendant thereupon again renewed the motion, made in defendant's behalf at the close of the plaintiff's case and at the close of the evidence, for the dismissal of the complaint on the ground that the plaintiff had failed to prove a cause of action, particularly that the note sued upon was an incomplete instrument upon its face, there being no time for payment thereof expressed, upon which decision had theretofore been reserved. Thereupon, the court again reserved decision thereon, and called for briefs on the question involved as to the validity of the note in suit. Briefs were submitted and the court made its decision, holding that the note in suit was an incomplete instrument, and thereupon dismissed the plaintiff's complaint, with costs. Upon such decision the order and judgment appealed from were entered.

I think the court was clearly in error in holding the note in suit to be

invalid and unenforceable as an incomplete instrument. In its decision the court below based its dismissal of the complaint upon the proposition that the note in suit was not negotiable. I think, within the plain provisions of the Negotiable Instruments Law (Consol. Laws, c. 38) the note was negotiable, as an instrument payable upon demand. Section 20 of the Negotiable Instruments Law provides as follows:

*"Form of Negotiable Instrument.—* An instrument to be negotiable must conform to the following requirements:  
\* \* \*

"3. Must be payable on demand, or at a fixed or determinable future time.  
\* \* \*"

Section 26 defines an instrument payable on demand as follows:

*"When Payable on Demand.—*An instrument is payable on demand:

"1. Where it is expressed to be payable on demand, or at sight, or on presentation; or

"2. In which no time for payment is expressed."

The note in suit clearly satisfies all of said statutory requirements as a negotiable instrument. It provides as follows:

"\_\_\_\_\_ after date, without grace, the undersigned, for value received, hereby promises to pay to George Keister, or order, at his office, \* \* \* the sum of \$3,100.00, with interest at the rate of 6 per cent. per annum.  
\* \* \*"

The note in suit is therefore an instrument in which no time for payment is expressed, and, being such, is under the provisions of section 26 of the Negotiable Instruments Law, payable on demand, and therefore a negotiable instrument within the statute. Moreover, the question of negotiability is not, I think, involved in this case. The note was in fact never negotiated, the action being brought by the payee against the maker. Aside from the fact whether it is negotiable or not, the note in suit is a contract between the parties for the payment of money, and is signed by the defendant. The provisions of the

Negotiable Instruments Law above referred to are but the codification of well-settled and long-established principles of common law.

Where no specific time is mentioned when a note is to be paid, it is payable immediately upon demand. The common-law rule with reference to promissory notes of this character is well expressed in 1 Daniel on Negotiable Instruments (6th Ed.) at page 134, as follows:

"Sometimes they are payable on demand, or no time is specified, in which case on demand is understood. If the time of payment be left blank, as, for instance, if the instrument be payable '\_\_\_\_\_ months after date,' the like rule would apply."

Had the words, "after date, without grace," been omitted from the note in suit, it would have read:

"The undersigned, for value received, hereby promises to pay to George Keister," etc.

Under those circumstances it could not be successfully contended that the note was not payable upon demand. The early case of *Thompson v. Ketchum*, 8 Johns, 190, 5 Am. Dec. 332, stated the common-law principle as follows:

"The time of payment is part of the contract, and, if no time be expressed, the law adjudges that the money is payable immediately. This is not only a positive rule of the common law, but it is a general principle in the construction of contracts."

See, also, *B. E. & C. R. R. Co. v. N. Y., L. E. & W. R. R.*, 123 N. Y. 316.

There can be no question but that, under well-settled principles of common law, the instrument in suit was a contract between the parties for the payment of the sum of money therein stated upon demand, and as between the parties the note was a complete and enforceable contract. The jury resolved the question as to consideration in favor of the plaintiff, and their verdict was not set aside by the court.

I think the judgment and order appealed from should be reversed, with costs, and that the plaintiff should have judgment against the defendant upon

the verdict of the jury in his favor together with the costs of the action. All concur.



## Payment of Savings Bank Deposit

*Scheffer v. Erie County Savings Bank, New York Court of Appeals, 127 N. E. Rep. 474.*

A depositor in the defendant savings bank made a gift of her deposit to Jennie Scheffer, the plaintiff. It does not appear just how the gift was made, but presumably the depositor delivered the pass book to Miss Scheffer with the intention of making a gift.

After the depositor's death Miss Scheffer demanded the deposit from the bank, but the bank refused to pay it, giving as its reason that such payment would be contrary to the statutes of New York and the by-laws of the bank.

Section 248 of the New York Banking Law provides that deposits in savings banks "shall be repaid to the depositors thereof respectively, or to their legal representatives after demand, in such manner and at such times, and under such regulations, as the board of trustees shall prescribe."

The by-laws of the bank provided that, on the death of a depositor, the deposit should be paid "to his or her legal representatives when legally demanded."

The bank was of the opinion that these provisions made it improper to pay the deposit to the plaintiff and required that it be paid to the executor or administrator of the depositor. The court held that the provisions had no such effect and did not in any way limit the power of a savings bank depositor to make a valid gift of the deposit.

## OPINION

Appeal from Supreme Court, Appellate Division, Fourth Department.

Action by Jennie A. Scheffer against Erie County Savings Bank. Judgment for defendant was affirmed by Appel-

late Division (184 App. Div. 930, 170 N. Y. Supp. 1111), and plaintiff appeals. Reversed, and judgment ordered for plaintiff.

CARDOZO, J. Eliza M. Collins in her lifetime was a depositor in the defendant's savings bank. Before her death, which occurred on June 20, 1917, she made a gift to the plaintiff of the amount of the deposit. The trial judge found the gift, but refused to enforce payment, after the death of the depositor, at the suit of the donee. Provisions of the Banking Law and of the by-laws of the savings bank were thought to justify the refusal. The Banking Law says (Consol. Laws, c. 2, § 248, subd. 1):

"The sums deposited with any savings bank \* \* \* shall be repaid to the depositors thereof respectively, or to their legal representatives, after demand, in such manner and at such times, and under such regulations, as the board of trustees shall prescribe."

The by-laws say:

"On the decease of any depositor, the amount to the credit of the deceased shall be paid to his or her legal representatives when legally demanded."

These provisions have been construed to mean that payment will never be made to any one else, and that gifts or assignments may safely be ignored.

We think that statute and by-law have no such purpose or effect. The provision for payment of the depositor is like the statement, common in legal documents, that the representatives shall be bound by the obligation of a contract. It is not a limitation on the exercise of the power of assignment. It is the cautious expression of a duty which, without it, would be presumed. *Kernochan v. Murray*, 111 N. Y. 306, 308, 18 N. E. 868, 2 L. R. A. 183, 7 Am. St. Rep. 744. If statute and by-law mean what the defendant says, a formal instrument of transfer, signed and acknowledged, would be as ineffective as an informal gift. We cannot deduce such consequences from language so uncertain. The gift of deposit made the

plaintiff the owner of a chose in action. *Ridden v. Thrall*, 125 N. Y. 572, 2 N. E. 627, 11 L. R. A. 684, 21 Am. St. Rep. 758. One of the incidents of such ownership is the right to collect the chose in action, and thus reduce it to possession. We see no reason to believe that this right is less available against savings banks than it is against other debtors. By-law and statute must speak more clearly before ownership will be shorn of one of its important incidents.

*Mahon v. South Brooklyn Savings Institution*, 175 N. Y. 69, 67 N. E. 118, 96 Am. St. Rep. 603, relied on by the defendant, holds nothing to the contrary. There the bank paid the wrong person. It claimed itself exempt from the consequences of its error by force of a by-law which provided that payments should be valid if made upon the production of the passbook. We held the by-law limited to payments so made during the life of the depositor. There was no suggestion that the bank would have been at fault if the custodian of the book had been also a donee. Indeed, the whole opinion involves the contrary assumption (Cf. *Podmore v. So. Brooklyn Savings Inst.*, 48 App. Div. 218, 62 N. Y. Supp. 961; *Kelley v. Buffalo Savings Bank*, 180 N. Y. 171, 72, N. E. 995, 69 L. R. A. 317, 105 Am. St. Rep. 720. The case went against the bank because it yielded to the claim of a mere custodian without title. Closer in principle to this case is *Ridden v. Thrall*, supra. There a by-law of the bank provided that drafts, if not made by the depositor personally, should be authenticated by power of attorney, 125 N. Y. at p. 578, 26 N. E. 627, 11 L. R. A. 684, 21 Am. St. Rep. 758. Cf. *Wetherow v. Lord*, 41 App. Div. 413, 415, 58 N. Y. Supp. 778; *Pierce v. Boston Savings Bank*, 129 Mass. 425, 37 Am. Rep. 371; *Morse on Banks & Banking* (Ed. Michie), § 129. We held that this by-law did not justify resistance to the demand of a donee.

The defendant is in the same position as any other debtor of whom payment is demanded by one who asserts a title

as assignee. It pays at its peril (*Mahon v. So. Brooklyn Savings Inst.*, supra), but so does any other debtor responding to a like demand (*Nassau Bank v. Yandes*, 44 Hun. 55, 58). If it doubts the assignment, and finds an adverse claimant, it may compel the claimants to interplead, and fight their battle between themselves. *Banking Law*, § 250, subd. 1; *Gifford v. Oneida Savings Bk.*, 99 App. Div. 25, 90 N. Y. Supp. 693; *Du Bois v. Union Dime Sav. Inst.*, 89 Hun. 382, 35 N. Y. Supp. 397. Cf. *Code Civ. Proc.* § 2589. If it is unwilling to interplead, or if the adverse claimant is not found, it must put the plaintiff to the proof, and wage the contest as it can. Put to the proof, this plaintiff has made good her title. Found to be an owner, she has been refused the remedies that go with ownership. We think they may be withheld no longer.

The judgment of the Appellate Division and that of the Trial Term should be reversed, and judgment ordered for the plaintiff as prayed for in the complaint, with costs in all courts.

HISCOCK, C. J., and CHASE, COLLIN, POUND, CRANE, and ANDREWS, JJ., concur.

Judgments reversed, etc.



### Bank Liable in Damage for Refusing to Pay Check

*First National Bank of Forrest City v. McFall & Co.*, Supreme Court of Arkansas, 222 S. W. Rep. 40.

Where a bank, without sufficient reason, refuses to pay a check properly drawn against sufficient funds by a depositor, who is a merchant or trader, the drawer of the check is entitled to recover general damages from the bank, without proving that he has sustained actual damage as a result of the bank's refusal. In such a case damage to the drawer's credit is conclusively presumed. In this instance the drawer was awarded \$500 damages.

Action by N. R. McFall & Co. against the First National Bank of

Forrest City. Judgment for plaintiff, and defendant appeals. Affirmed.

R. J. Williams and Mann, Bussey & Mann, all of Forrest City, for appellant.

### OPINION

C. W. Norton, of Forrest City, for appellee.

HUMPHREYS, J. Appellee, a mercantile partnership composed of N. R. McFall and W. A. Scales, instituted suit against appellant, an incorporated bank, in the St. Francis circuit court, to recover damages on account of appellant's refusal to pay checks drawn by appellee on checking funds theretofore deposited by it in said bank. This is the second appeal in the case. The first appeal appeared here under the style of *N. R. McFall et al. v. First National Bank of Forrest City*, and is reported in 138 Ark. 370, 211 S. W. 919. The case was reversed on the first appeal and remanded for a new trial, because the trial court instructed the jury that it was incumbent upon appellee to prove actual damages to justify a recovery in excess of nominal damages. In reversing the case, this court laid down the rule that merchants' and traders' checks, wrongfully dishonored through mistake or otherwise by the bank upon which drawn, are entitled to recover substantial damages against the bank dishonoring them, without pleading or proof of special injury. In other words, the court announced the doctrine that the law presumed the wrongful dishonor of merchants' and traders' checks substantially damaged their credit, for which they could recover temperate or reasonable damages. This rule became the law of the case and served as the court's guide on the retrial of the cause.

The only difference between the testimony on the former and present appeals is that the present record reflects evidence adduced by appellant tending to show that the credit of appellee was not injured by the dishonor of the checks. Upon reversal and remand, the cause was submitted to a jury upon the pleadings, evidence and instructions of the court, conforming to the rule announced in the former appeal, which

resulted in a verdict and judgment for \$500 against appellant in favor of appellee. From the judgment an appeal has been duly prosecuted to this court.

It is insisted by appellant that the only effect of the rule announced in the former appeal, was to place the burden upon appellant to show that appellee's credit was not injured, in order to exempt it from liability for substantial damages, and that, having made such affirmative showing, it was entitled to an instruction to the effect that the presumption of substantial damages, resulting from the wrongful dishonor of a merchant's or trader's check, could be overcome by evidence showing to the contrary. Two instructions, Nos. 2 and 3, requested by appellant and refused by the court, were to that effect. It is urged that the court committed reversible error in refusing to give them. One reason for the rule allowing a merchant or trader temperate or reasonable damages for the wrongful dishonor of his checks on mere proof of his character of business is because it is almost impossible to prove special injury or damage. It is just as impossible to prove that no injury resulted as to prove it did. For that reason, if no other, the doctrine contended for by appellant is not sound. The wrongful dishonor of a merchant's or trader's check is a slander on his business. The foundation of his business is the credit which is injured per se by the dishonor of his paper. So this character of case is akin to and comes within the category of slander suits in which general damages are allowed as a matter of course without proof of special damages. The necessary and natural consequence of the dishonor of a merchant's or trader's check is to substantially damage him, and the conclusive presumption indulged by the law that he is damaged is based upon such necessary or natural result. Conclusive presumptions of law are irrebuttable by proof. The court did not therefore err in refusing to give appellant's requests Nos. 2 and 3.

Notwithstanding the law presumes a depositor is substantially damaged by the wrongful dishonor of his check and

that he is entitled to temperate damages without proof of special damage, yet it is permissible to make such proof in mitigation of damages. The fact that such proof is admissible in behalf of a merchant or trader whose check had been wrongfully dishonored, would suggest the right on the part of the bank dishonoring the check to affirmatively show that no injury to such depositor's credit resulted, in mitigation of damages, but it could only be used in mitigation of damages, because, if the rule were otherwise, the conclusive presumption of substantial damages, indulged by the law, might be rendered nugatory.

No error appearing, the judgment is affirmed.



### Construction of Note as to Time of Payment

Crawford v. Hunt, Court of Appeals of Georgia, 102 S. E. Rep. 834.

A note which, by its terms, is payable "one year after date, or as soon as J. B. Crawford's estate is wound up," is payable one year after date, or sooner, if the estate is settled prior to that time.

#### OPINION

Action by E. E. Hunt against Mrs. M. B. Crawford. Judgment for plaintiff, and defendant brings error. Affirmed.

Suit was filed on the 7th day of July, 1919, on a note dated June, 1917, and payable "one year after date, or as soon as J. B. Crawford's estate is wound up." A demurrer was filed by the defendant as follows:

"She especially demurs to said petition because it does not allege whether or not 'J. B. Crawford's estate is wound up,' as suit cannot be maintained without such an allegation and proof thereof."

The demurrer was overruled.

BLOODWORTH, J. (after stating the facts as above). The court did not err in either of its rulings on the pleadings.

The court properly construed the

words, "one year after date or as soon as J. B. Crawford's estate is wound up," to fix the maximum limit of the maturity of the note as one year after date. Contracts must be so construed, if possible, as to give effect to all the words and clauses thereof. The only way to give effect to the two clauses relating to the maturity of the note is

to construe them to mean "one year after date, or as soon as J. B. Crawford's estate is wound up if prior to that time." Any other construction would render the words "one year after date" meaningless, and postpone the maturity of the note to some indefinite and uncertain time in the future.

Judgment affirmed.



### Statement of National Banks

**T**HE ATTACHED statement shows the states whose national banks had on May 4, 1920, the largest number of deposit accounts in proportion to population. Wyoming stood first with 394 depositors per 1,000 of population. Montana was next with 349 per 1,000 of population. The twelve states whose national banks reported the next largest number of deposit accounts in proportion to population were in the order named: Idaho, 293; Pennsylvania, 289; Colorado, 280; Oregon, 275; Minnesota, 271; Iowa, 262; Virginia, 259; Vermont, 255; California, 248; South Dakota, 244; Maine, 239; Texas, 236, per 1,000 of population.

For the entire United States there were 190 deposit accounts for each 1,000 of the population, or approximately one bank account for every five-and-one-half of the population. The number of demand deposit accounts in the entire country was 12,315,000; the number of time deposit accounts was 8,065,000, making a total of both time and demand deposit accounts for the entire country of 20,380,000.

The percentage of demand deposit accounts to the total number of deposit accounts was 60.43 per cent.; the time deposits, 39.57 per cent. The percentage of the total number of time or

savings accounts to the total number of all deposit accounts varies greatly in different sections. In Pennsylvania 48.09 per cent. of the accounts were time deposits; in New Jersey 46.48 per cent. were time deposits; in New York state 44.44 per cent. The only states where a majority of all deposit accounts were carried on time were Maine, where the percentage of time deposit accounts was 63.83 per cent.; Vermont, 56.99 per cent.; Massachusetts, 50.09 per cent.; Michigan, 72.85 per cent.; Wisconsin, 70.25 per cent.; Minnesota, 56.28 per cent.

In the following states the larger portion of the deposit accounts were carried on demand. In Texas, 88.55 per cent. of all deposits were on demand; Missouri, 65.43 per cent.; Oklahoma, 87.43 per cent.; Louisiana, 82.58 per cent.; Alabama, 71.84 per cent.; Mississippi, 84.04 per cent.; Georgia, 64.91 per cent.; Kansas, 79.80 per cent.; Colorado, 68.04 per cent. and California, 73.68 per cent. The banks in portions of New England and in the northern central portion of the country, had the largest number of deposit accounts on time. In the South, Southwest and far West, demand deposit accounts largely predominated.

# Banking Publicity

Special Section of The Bankers Magazine

AUGUST 1920

## Why Banks Don't Advertise

EXEMPLIFICATION of "How Bank's Advertise" has long constituted a prominent feature of the Publicity Department of THE BANKERS MAGAZINE. One might find it interesting to study the other side of the matter with the view of learning how banks are not advertising, and why. Some information on this subject is given below, obtained from first-hand sources — from personal interviews with the banks.

### "WE NEVER ADVERTISE"

In a bank in Philadelphia a little weazen-faced old gentleman, whose head was crowned with a black skull-cap and whose face was adorned with a greyish pointed beard, when approached on the subject of advertising, said: "We never advertise." The latter word he pronounced with the accent on the second syllable, sounding the "s" in the final syllable softly. He then went on to say that a few years ago the bank had ventured to put a modest announcement in the papers, but the depositors at once took fright at this unusual departure from established custom and began to withdraw their deposits. So the bank had to relapse into its accustomed somnolence.

But the little old gentleman with the weazen face was a most delightful character, and by no means so non-progressive as his story might indicate. Perhaps a close examination might have indicated a sly twinkle in his eye as he said: "We never advertise." His case, at all events, was not hopeless. "Come in again," he said, "we may

change our policy." But with his former sad results of an attempt to do so in mind, the invitation was not accepted.

### FAILURE OF AN ADVERTISING BANK

The story of the late James K. Lynch, of the First National Bank of San Francisco and at one time president of the American Bankers Association, that in welcoming a convention of the Financial Advertisers to San Francisco, he did so about as follows:

"Gentlemen, you are meeting in a city where the attitude of the banks toward advertising is extremely conservative. In fact, most of our banks do not

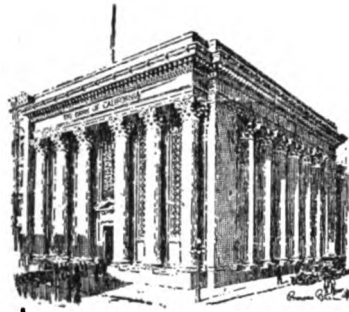
believe in advertising, the reason being that a bank in this city once noted for the liberality of its advertising, failed disastrously."

Carefully examined this mental perspective of the San Francisco bankers on the subject of bank advertising would appear quite as sound as the man who feared to go to bed because so many people had died there.

And yet Mr. Lynch was only stating a fact in regard to a tradition only known to those familiar with the bank advertising situation in San Francisco.

It is only fair to say that this tradition has been smashed by the Bank of Italy and a number of other enterprising San Francisco banks.

(Continued on page 245)



We Will  
Co-operate  
With Your  
Attorney

*IN drawing up a will, an attorney's services are indispensable and we advise our customers to consult their lawyers on this important matter.*

**BUT** "The First Step in Making Your Will" is to procure a copy of our memorandum pamphlet of that title, which, properly filled out, will enable you to hand to your lawyer the necessary information for drawing up your will. We shall be glad to supply attorneys, also, with copies.

**BANK OF  
CALIFORNIA, N.A.**  
A NATIONAL BANK  
SAN FRANCISCO, CALIFORNIA

Showing how the bank and the lawyer can co-operate in trust business

## Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

AUGUST 1920

**"THE GROUCHY TELLER,"** says a Southern banker, "can drive away more people in a day than an officer can bring into the bank in a month." We also wish to add that such an individual back of the window can do a great deal towards nullifying the good effect of an advertising campaign.

THE ADVERTISEMENT of a large paper manufacturing concern credits a printer's representative with doing some really constructive work in connection with the statement folder of a large New York bank. He suggested to one of the officers that the bank's financial statement should be made a really good advertisement to the bank.

"Why not have the cover and general arrangement attractive? Make it more than a mere statistical table. Make people read it."

The idea made a real impression on the managers of the bank and the printer was authorized to go ahead. It was found that for a period of one month more than twice as many of the new statements were picked up and read by customers than ever before.

RIGHT ALONG THIS LINE is an illustration of service

given by a new business department of a large Chicago bank. The cashier of a country bank which was a correspondent of the Chicago bank had some difficulty a short time ago in getting a circular letter printed and in deciding upon the style and size of a financial statement folder. There was no capable printer in his community. He took up the matter with the Chicago bank at first by mail, and later called in person. The new business department handled the whole matter from a service standpoint, suggesting a letter-head, having it printed, multi-zapographing the letter and laying out the statement. The service was greatly appreciated by the small town banker.

IT HAS BEEN WELL SAID that the more personality a man puts into his business and the more friendly he becomes with his customers, the more certain he can be that they will stick by him.

This certainly applies to bank advertising, but the expressions of cordiality which appear in the advertisements should be backed up by a sincere interest in the welfare of customers and a willingness to go out of the way, if necessary, to serve them.

THE DEMAND FOR LITHOGRAPHED metal signs for both outdoor and indoor advertising is apparently increasing by banks and trust companies which are backing up this form of adver-

tising. We would suggest that signs should tie up with the rest of the campaign in the matter of trade-mark emblems, type used for signature and in the fundamental thought or idea behind the advertising. It is best to have this detail handled by the advertising man or agency which is planning with you for the general campaign.

IN THE OPINION of some of our leading bank economists, the women alone can win the country back to the habit of saving and bring its potential resources into action. Thrift is a social habit, they claim, and the women are the rulers in the social world, the makers of fashion and the judges of propriety.

Our grandmothers disdained display and ostentation. Something like that is needed today to make old-fashioned thrift popular again and it is part of the task of the bank advertising man and woman to bring this about.

WHEN DECIDING ON THE size of your printed matter, it is well to bear in mind the fact that papers are cut in certain standard sizes. While the following table does not cover all sizes, it does show the sizes most readily obtained:

Book Papers	.....25" x 38"
	.....28" x 44"
	.....30½" x 41"
	.....33" x 46"
Cover Papers	.....20" x 25"
	.....22" x 28"
Writing Papers	.....17" x 22"
Card Boards	.....22" x 28"



## Why Banks Don't Advertise

(Continued from page 241)

ADVERTISED BY THEIR LOVING FRIENDS

A western bank, approached recently on the subject of advertising, said:

We do not need to advertise. We have our correspondents in all parts of the country, and our letter-heads. These give us all the publicity we require.

Some of the live-wire bank advertising men in the United States ought to grab these highly productive forms of bank publicity before they get away from them.

"HAVE CUT IT OUT"

Quite a number of bankers will give only this one reason for not advertising:

"We have cut it out."

This regards bank advertising something in the light of a malignant growth, to be cured only by a drastic surgical operation.

"NOT INTERESTED IN ADVERTISING OR IN ANYTHING"

Perhaps the most candid reason for not wishing to advertise was given by a nonagenarian in a Southern city.

"I am not interested in advertising," he said. "I am not interested in anything."

This answer could hardly be improved on as a reason for not advertising.

The bank that has no interest in advertising nor in anything certainly has no reason to advertise. Fortunately, there are very few such in the country.



I know no greater pleasure than taking home a bundle of books which you have deprived yourself of something to buy.—A. Edward Newton, author of "The Amenities of a Book Collector."

## Who's Who in Bank Advertising



FRED W. ELLSWORTH

FRED W. ELLSWORTH, sometimes called "the father of bank advertising," is one of the best known and deservedly popular of the younger bank officers of the United States. He began his banking career in Chicago twenty-five years ago, working through the various clerical and administrative departments of the First National Bank of that city. In 1905 he was made manager of the advertising department of the First National and from that time has been one of the foremost exponents of constructive and educational bank advertising.

In 1910, shortly after the merger of the Guaranty Trust Company with the Fifth Avenue and Morton Trust companies, Mr. Ellsworth came to New York and inaugurated a publicity and advertising department, the first of its kind in New York City. To this department was later added a new business department. Mr. Ellsworth was manager of this department of the Guaranty Trust Company until 1916, when he was elected secretary of the company.

In the Spring of 1918, Mr. Ellsworth left the Guaranty to become vice-president and director of the Hibernia Bank and Trust Company, New Orleans.

Mr. Ellsworth is a director of the Financial Advertisers' Association and has recently completed his term as president of that body.

## Bank Advertising\*

By **FREDERICK W. GEHLE**

Advertising Manager, The Mechanics and Metals Bank,  
New York City

IT IS FAIR TO SAY that in no field of industry has the science of advertising made greater strides, or met with more positive success, than in the field of banking. A few years ago the number of banks that maintained advertising departments was so small that for the whole United States it did not exceed a score, while the amount of money expended for publicity ran in the aggregate to comparatively small figures. Today

the advertising departments of banks in the United States are numbered in the hundreds, while the number of dollars expended to tell the American public about banks and banking runs into millions.

It is indeed interesting to note the development of bank advertising during the past few years. Ten years ago when banks advertised at all, their copy was limited to a compilation of their financial resources and to an announcement of their officers and directors. If a bank wished to appear really aggressive it placed at the bottom of its advertisement, "We solicit your business." Today our banks put forth real selling

copy, products which are the result of creative effort and which are designed to bring results.

The bank is indeed a rarity today that does not devote some portion of its guiding intellect to plans and methods for presenting itself before the public. True, there are bankers who still hold aloof from advertising. They boast that they are of the "old school." They are. Their business shows it. Compare the activity of the institutions headed by your "old school" bankers with the activity of those headed by bankers of the modern school who believe in conducting their affairs in an aggressive, forward-looking way, your comparison will show how far progress has carried beyond the habits and thoughts of the old school.

Advertising is an influence of such compelling force that it has made the names of some of our American financial institutions household words throughout almost all the English-speaking world, and has built up for these institutions an asset, known as "good will" that is priceless. Of course, no bank is built in a day, and no bank is built by a single advertisement. It takes years of effort and service and a host of satisfied customers to make a bank truly successful. It takes a long cultivation of the public by intelligent and persistent advertising. It takes continued advertising after the public has been cultivated. That asset, good will, is not a fixed asset. Cultivated, it grows; neglected, it shrivels up.

I have heard bankers say that their business has so little latitude that it permits no imagination in the preparation of advertisements. Those bankers are wrong. Banking is the business of all businesses. It



Entrance to Safe Deposit Department

**Safe Deposit Boxes**  
*at Extremely Reasonable Rentals*

No amount of insurance can adequately compensate for the loss of family silver, jewels and valuable papers; and many securities, such as Liberty Bonds, are almost as readily negotiable as money.

A private box, in our bomb-proof, armor-plate vaults, may be rented for as little as five dollars per year. For the storage of silver, paintings and larger articles, a storage vault offers space at a moderate rental. This Company operates its own automobile, insuring prompt service and safety in transit of trunks, silver and other articles for storage in its vaults.



Chartered 1836

The central location of the Girard Trust Company is a point to be considered

**GIRARD TRUST COMPANY**

BROAD AND CHESTNUT STREETS, PHILADELPHIA

Capital and Surplus \$10,000,000

EFFINGHAM B. MORRIS  
PRESIDENT

Member Federal Reserve System

An attractive safe deposit advertisement

\*An address delivered before the American Institute of Banking at Boston, Mass., June 15, 1920.

has no limitations. Your rubber heel manufacturer can advertise only one product. Your automobile, malted milk, varnish and underwear distributors have each a single market to which they can appeal. Your bank has all the markets, in every corner of the country. Its restrictions are governed only by the public's knowledge of what it can do.

After all, there are so many things that a bank can do for its clients that a banker's mind should be stimulated by his opportunities. Besides the general banking service, with all its ramifications, there is the service of the savings department, the trust department, the bond department, the safe-keeping department, the foreign department. Each of these departments furnishes a host of ideas for publicity of the constructive business building kind.

The responsibility of the thoughtful banker is to transfer these ideas from his own mind to the minds of prospective customers. To do this effectively requires not genius so much as logic, coherence and a power to convince. Novelty and originality are excellent in their place, but I know of a single piece of copy, novel and original, and inspired and planned by an advertising genius, that required days of hard work to make coherent and convincing. Advertisements that are really effective are written not to please the advertiser, but to "sell" the people whose interest and patronage are desired.

There is something delightfully American in the development of banking advertising, as we have come to know it. Its courage and originality are unlike anything seen in any other part of the world, and there is hardly a day that goes by without some bold spirits leading us into new plants and spheres of influence. It is inevitable, of course, that at times some of the boldest spirits

strike out too far beyond the lines of banking convention; still, what has been accomplished for the good of banking in general and for individual banks in particular manifests the extremely favorable results that have come from strong copy and original treatment.

We hear the word "dignity" disparaged by a great many young bankers, who want to kick the old word out of the English language and go ahead with their business unhampered by its inhibitions. Don't be carried away by these young men. Be dignified in your advertising and publicity work. I don't mean be an old fogey. That isn't necessary at all. Be individual. Be different. But never be undignified or ridiculous. Show in everything you do that your bank by its attitude stands for stability, integrity, soundness, trustworthiness.

The best advertised bank is

**The CONTINENTAL and  
COMMERCIAL  
BANKS**  
CHICAGO

**Dollars Earning  
Interest Work  
24 Hours a Day**

**JULY 1 to July 13 are  
Thrift Days.** It is time to take inventory of your stock. If you have saved, remember that during this period interest is compounded. If you have not saved, it is time to begin.

The Savings Habit is a Good Habit.  
This Bank will help you cultivate it.

Open 5 weekdays from 9 a. m. to 6 p. m.

**CONTINENTAL and COMMERCIAL**  
**TRUST AND SAVINGS BANK**  
La Salle, Adams Quincy and Wells Streets



A dignified and yet forceful savings appeal

that bank which has the loyalty of its officers and staff established beyond peradventure. Your tellers, clerks, special officers, doormen and telephone girls can, if disloyal, nullify the best advertised campaign designed. So, then, see that your bank is properly advertised *inside* as well as outside; build up a spirit of institutional loyalty and pride and your advertising results will be helped immeasurably.

As for advertising mediums in which space may be bought, they may be classified as follows:

- Daily newspapers,
- Magazines,
- Financial journals,
- Trade journals,
- Posters,
- Bill boards,
- Car-cards,
- Programs.

The newspapers, because of



service than this. And in the end the reward is certain to be his. For as he sows, he will also reap.



PUTTING THE "REVERSE ENGLISH" ON SAVINGS ADVERTISING

R. D. BRIGHAM, ASSISTANT to the president, Anglo-California Trust Company, San Francisco, believes in putting the "reverse English" on the ordinary savings bank advertising." This is what he says:

"The appeal of practically all savings bank advertising, whatever its form, simmers down to this: 'Save your money for some particular object in life.' Such an advertisement says, in effect: 'Save your money to buy your own home. When you have enough, come and draw your money out of our bank and buy your home.'

"It seems to the writer that the basic appeal, aside from the fact that it has been used to death, is not good. In the first place—the bank is interested principally in having the money in the bank and not withdrawn

from the bank. In the second place—the range of appeal is distinctly limited; that is to say, such advertisements do not apply, except with incidental force, to those outside of the class addressed.

"In the attached series of advertisements, the writer has put 'reverse English' on the ordinary savings bank advertising. The thought of the series is: 'There are many times when a man has been glad that he has saved his money. It is much better to be glad you have saved your money, than to wish you had. Start a savings account NOW. Practice the habit of systematic saving—you'll be glad many times later on.' Running through the series, then, is the legend: 'You're glad you saved your money.' Each of the advertisements consists of one of the typical times in the life of the ordinary man (or woman) when he is glad he saved his money—or wishes he had.'

The first of the series referred to is headed "When Vacation Time Comes," and reads as follows:

You can well afford to join your friends in just the sort of a vacation you want—if you've made a habit of saving your money.

Just so—whatever your wants may be, you can satisfy them with the money you have saved. It's better to have money than to wish you had. Provide now for the plans you'll make later on by opening a savings account to-day with this friendly bank.

Other titles are: "When You Want to Go to College," "When Baby Comes," "When You're Ready to Buy Your Home," "When You Want a Motor Car," "When You're Injured, When You're Sick," "When You Are Out of Work," "When You Want to Travel," "When Old Age Creeps Upon You."

Each advertisement is appropriately illustrated and each one bears the slogan, "You'll Be Glad You Saved Your Money."

Here is much food for thought for the writer of savings bank advertisements.



True education is learning to do what you don't want to do at a time when you don't want to do it.—"Three Wise Fools."

<p>Your  Silverware</p> 	<p>Where are Your Valuables</p> 	<p>The Silent Hours</p> 
--	---	---

Three striking covers for safe deposit booklets issued by the Tradesmen's National Bank of Philadelphia

### HOW A NATIONAL BANK SOLICITS TRUST BUSINESS

CHARLES S. CALDWELL, PRESIDENT of the Corn Exchange National Bank of Philadelphia, had the following signed statement in the June 30 number of *The Corn Exchange*, the bank's house organ. It is a convincing and dignified plea for trust business:

I think it would be generally conceded that one of the greatest satisfactions in facing the future is good life insurance. Indeed in many instances it really prolongs life, removing, as it does, the worry about means to care for dependents.

That is very well as far as it goes. But what have you done to assure careful administration of this insurance investment?

Today it is increasingly hard to keep one's "house in order." Complicated systems of laws, taxes, etc., make for confusion in the ablest minds. Most of us need the aid constantly of expert accountants, and save money if we employ them.

Let us hope that you have made your Will—a good Will—that need not be drawn into controversy. This is also a good step.

But would it not be a benefaction if you were sure the wishes expressed in your will with regard to your insurance and other investments, were to be carried out with the same good judgment that you have exercised in the development of your business? Just who in your family is entirely capable? Or, if an institution, how much do they know of you now—your personality? I acknowledge it is a difficult position for an institution, yet we have decided to widen our influence still further to aid our friends and customers. If we are having the privilege of counseling with you now, who better fitted to deal with your Estate? In these days of changing values,

one must be alert to protect investments—quick to change, when new conditions require it.

Have you had an Estate to settle lately? Do you know the complications of the inheritance tax, transfer laws, not to mention the income tax reports? It is hardly fair to worry your family with all this when they are least fitted to take up new burdens.

You know the bank by this time—the helpful spirit and wideawake methods, and it is just because of our close association that we can help your affairs keep alive, even if you should be taken.

So we offer you, in our Trust Department, just a new way to prolong your life. Let us take the responsibility. If it is the matter of a will or a personal trust, come in and talk it over with us. Mr. C. Allison Scully, our new Trust Officer, together with the Commercial Banking Officers and you, can surely plan now to take good care of the future.



### A GOOD DORMANT AC- COUNT LETTER

HERE IS A GOOD dormant savings account letter recently used by the Liberty Trust and Savings Bank of Chicago:

It has just come to our attention that you have recently withdrawn your savings deposit from this bank, and we trust that it is for a temporary period only. As it is our desire to handle your business at all times to your entire satisfaction, we trust that your having closed your account has not been due to anything unsatisfactory in our treatment of your business.

The rapid and substantial growth of this bank is ample proof of the service and safety we offer our depositors.

This strong State Bank is prepared to render complete and efficient service in all branches of banking. It is directed by men of national reputation in the financial world. Furthermore, we want you to fully realize that this is the LARGEST and MOST EFFICIENT BANK in this neighborhood.

May we not hope that in the near future you will again favor us with a share of your patronage?

### BANKING-BY-MAIL LETTER

TO INCREASE ITS MAIL-ORDER business the Merchants Bank and Trust Company of Jackson, Miss., sent out the following letter with a recent condensed statement:

We are pleased to herewith enclose our recent statement, as we believe you will be interested in the wonderful growth shown by Hinds County's largest bank.

We want the people of this territory to know that this bank is interested in them, and desires to have as many as possible carry accounts with it in order that it may the better be of service.

Uncle Sam's mail brings the facilities of the bank to the door of all our people. If you reside away from Jackson, all you have to do is to mail your checks for deposit and we immediately mail you back a receipt.

Every dollar on deposit in this institution is guaranteed against loss under the State Guaranty Law, and there is no place where you will receive a warmer welcome, or where you will receive better service than we will give.



### PERSONAL ITEMS

Carl R. Matson has become advertising manager of the Cleveland Trust Company, Cleveland, Ohio. For the past two years Mr. Matson had been directing the publicity of the Cleveland Welfare Federation. Previous to that he was with the Cleveland *Plain Dealer*.

Miss Lillian S. Meyncke has been made advertising manager of the City National Bank and the City Savings and Trust Company, Dayton, O.

James C. Gilruth, formerly with the Chicago *News*, has become manager of the new business department of the Fort Dearborn National Bank, Chicago.



A SUCCESSFUL BANKER is composed of one-fifth accountant, two-fifths lawyer, three-fifths political economist and four-fifths gentleman and scholar—total ten-fifths—double size. Any smaller person may be a pawnbroker or a promoter but not a banker.—George E. Allen.

## How Banks Are Advertising

AT THE TIME WHEN peonies were at their best the First National Bank of St. Paul, Minn., held a two days' peony exhibition for amateur florists. About 200 prize ribbons were awarded to those who brought in specimens of special merit. The flowers were displayed in the large lobby of the bank.

THE FOLLOWING was taken from the Antwerp, N. Y., "Gazette":

### FOUND

Recently, near the bank a sum of money. The owner may have the same by proving ownership and also proving, if he can, why it is safer to carry your money than to pay your bills by check on the Bank of Antwerp. Inquire of R. W. Oakes.

Mr. Oakes is cashier of the Bank of Antwerp. This is quite clever advertising.

AMONG THE CATCH-PENNY devices on the boardwalk at Asbury Park is a combination weighing machine and fortune teller. For 2 cents the visitor is told his correct weight and handed his "fortune," which consists of a card containing such an incontrovertible statement as "Work harder and you will accomplish your purpose." One of the local banks also has a line on the card advertising its savings department.

A BANK IN A LARGE Southern city went 50-50 with a local insurance agency on the cost of a booklet advertising life insurance and savings accounts. As soon as the advertising started there was a great demand for the booklets and the entire supply of 5,000 was exhausted in three days.

ONE OF THE MOST attractive house organs that we see regularly is the Marine Trust News, published by the Marine Trust Company, Buffalo, N. Y.

The July 1920 issue was a special number dealing with the branches of the company. The frontpiece is a group picture

of the branch managers and the leading article deals with branch banking. Other features are a map showing the location of the bank and its thirteen branches; historical material concerning Buffalo, cartoons, editorials, etc.

A GREAT MANY BANKS at the present time are pushing their savings departments with special vigor. This seems to be the logical thing to do under the present circumstances. In a great many banks savings accounts outnumber commercial accounts.

The task of the banker in his advertising is not only to increase the number of his savings accounts, but also to induce the saver to keep on adding to his balance.

A GOOD MANY BANKS TAKE cognizance of holidays in their bank advertising—that is, such days as Memorial Day, Fourth of July, Election Day, Thanksgiving, Christmas and New Year's.

The First National Bank of New Haven has made a practice of running a special advertisement the day before the holiday calling attention to the fact that the bank will be closed the next day, although it has never been closed a business day throughout the more than 50 years of its history.

THE C. & C. News, the daily bulletin of the Continental and Commercial Banks, Chicago, recently published this little item concerning a thrift booklet illustrated with pictures of animals which has been used with success by the Continental Trust and Savings Bank:

"Friday afternoon a man and his wife were in the Trust and Savings, accompanied by their little son of five or six. Apparently the mother and father were waiting for someone. To pass the time, the little chap browsed around and finally ar-

rived at one of the information booths. The man in charge quickly guessing that the Thrift Booklet of 'animal ads' would appeal to the child, presented him with one of the booklets. On sight of the animals and attracted by the colors, the boy ran to his father, asking the names of the animals and 'what all the words meant.' The message of the booklet so appealed to the father that he inquired what was the amount needed to open an account and subsequently started an account for his son with an initial deposit of \$20. The above is of no particular consequence except that it shows in a striking manner the 'pulling power' of the little booklet and the value of the information booths."

THE SERVICE DEPARTMENT of the Girard Trust Company of Philadelphia has published and is distributing to the customers of the bank a very useful "Income tax and personal expense record book." The book contains blank forms for keeping an accurate account of income and expenses so that at the end of the year the income tax returns can be made with a minimum of trouble. The book is divided into the following parts: Income received; allowable deductions; securities record; Liberty and Victory Loans (Methods of Determining Taxation); personal expense record; comparison of monthly receipts and expenses; calendars for years 1919, 1920 and 1921. A booklet of this nature is a very real service to a bank's customers and should be greatly appreciated.

"THE GIRARD LETTER" is the title of a new bank house organ now being published by the Girard Trust Company of Philadelphia. According to a foreword by the president, Effingham B. Morris, the purpose "is to share with the customers of the Company information on various subjects gained by investigation or experience which may be of use to them." Various Philadelphia industries will be treated in a series of articles. The first number contains an article on the Chemical Industry. An article in the second number entitled "The Railroad

Problem" has attracted widespread attention and interest.

"MAKE MILWAUKEE A MEETING PLACE" is the title of a folder recently issued by the First Wisconsin National Bank of Milwaukee. It tells about the advantages of Milwaukee as a convention city. This bank believes in boosting "the home town" and the folder is one of a series telling about the industrial and residential advantages of Milwaukee.

"FOREIGN TRADE and Foreign Exchange" is the title of a well printed booklet issued jointly by the First National Bank and the First Federal Trust Company of San Francisco.

IF A NON-CUSTOMER cashes a check at the American Bank of Commerce and Trust Company of Little Rock, Ark., here is what the teller hands him with the money:

WE ARE GLAD TO SERVE YOU  
We have just cashed a check for you—a service we are glad to render. The party who gave you the check finds a checking account a convenience. So would you. We invite you to open an account with your next check, no matter what its size.

Or, if you don't care to deposit your checks, why not get a part of the funds in cash and place the balance each time in a Savings Account drawing 4 per cent. interest? A small amount saved regularly may mean much to you later. One dollar opens an account.

TWENTY-FOUR ADVERTISEMENTS setting forth in simple yet comprehensive form the natural resources, commercial and industrial development and the activities of Portland and the Northwest have been published in pamphlet form by the Ladd and Tilton Bank of Portland, Ore. This is the best collection of "community boosting" advertisements that have come to our attention for some time.

THE SERIES OF ADVERTISEMENTS on the "World's greatest Banks" which have been recently used by the Seattle National Bank have now been published in pamphlet form. Each

advertisement features one of the great Government banks of the world. The series merits the study and attention of advertising men who are interested in the educational idea in bank advertising.

THE LOS ANGELES TRUST AND SAVINGS BANK has been running two interesting series of advertisements lately. One is a series on Americanism with thrift as the keynote. The other is a series on nine different important California industries. The latter series has been published in pamphlet form.



#### FROM CURRENT ADVERTISING

UNION NATIONAL BANK,  
Philadelphia:

##### "OUR RENT'S BEEN RAISED AGAIN

and it won't help us a bit to make a klick. Fact is I ought to kick myself. Think of it, paying out a week's wages every month for the last ten years and nothing to show for it but a bunch of receipts from the landlord.

Jim Peters had the right idea—opened a bank account and saved enough to make a real payment on a home of his own. It's a peach of a little place, too, and nearly all paid for. Jim wanted me to start saving some of my pay each week when he started five years ago. I couldn't see it then but I'm wise now and on next pay day I am going to open a savings account at—

MANUFACTURERS NATIONAL  
BANK, Lynn, Mass.:

##### BEHIND THE SCENES

Working in the background of a business success are many varied influences that contribute directly or indirectly to it.

One of the most powerful of these is friendly, intimate relationship with a dependable bank.

The best way to find out what our facilities, experience and connections can mean in your business is to associate yourself with us. You will not be disappointed.

PEOPLES NATIONAL BANK,  
Jackson, Mich.:

##### ENCOURAGEMENT

Who has not experienced the warm glow of pleasure that encouragement gives, and felt the fresh urge to go on that it inspires.

Within the doors of this institution, encouragement is found.

Encouragement mirrored in the welcome and courtesy of our employees, in the helpfulness and understanding of our officers in the whole atmosphere of the place.

Encouragement to come oftener—to know us better and to be better known.

FARMERS STATE BANK, Vicksburg, Mich.:

##### EVERY FARMER KNOWS

that upon his vigilance in fighting weeds depends the success of his crops. He uses every means available to combat them successfully. Every farmer who uses a Checking Account also knows that this system is the most satisfactory way of weeding out habits of carelessness and inefficiency in money matters.

Talk to our officers about this "financial weeder" next time you're in town.

TREMONT TRUST Co., Boston:

Honest advertising by banks, like popular and liberal service, pays. People are grateful when dealt with squarely. The great and rapid success of the Tremont Trust Company shows it. Although it has been in existence a little over five years, only six of the twenty-seven other trust companies of Greater Boston have a larger total of deposits despite ages ranging from sixteen to forty-nine years.



THE CONCRETE, specific things which an advertising agent chiefly does for the advertiser are, first, advice on the determination of a general advertising policy; second, counsel as to the size and disposition of the advertising budget; third, mapping out of a unified, definite campaign, including the choice of mediums, (magazines, newspapers, billboards, direct mail matter, car cards, etc.); fourth, the physical preparation of these items and attending to their final presentation.



"The man who has studied a subject is on that subject the intellectual superior of the man who has not."—Earl Lytton.



# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

## A

Adams, F. E., Will Co. Nat'l Bank, Joliet, Ill.  
American Nat'l Bank, Pendleton, Oregon.  
American Svgs. Bank, Springfield, Mo.  
Anderson, Ralph P., adv. mgr., Sacramento Bank, Sacramento, Cal.  
Ansley, D., Central Tr. Co., San Antonio, Tex.

## B

Bader, A. F., assistant cashier, Old State Nat'l Bank, Evansville, Ind.  
Bailey, C. W., cashier, First Nat'l Bank of Clarksville, Clarksville, Tenn.  
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.  
Bankers Magazine, The, New York.  
Bauder-Baker, Union Bank Bldg., Chicago, Ill.  
Baugher, E. M., pres., The Home Building Association Co., Newark, Ohio.  
Bennett, H. D., assistant cashier, Capital Nat'l Bank, Lansing, Mich.  
Bernhelm, E., Ph.D., foreign dep't. The Nat'l Shawmut Bank of Boston, Mass.  
Billings, K., asst. adv. mgr., Scandinavian American Bank, Tacoma, Wash.  
Blize, L. A., pres. Citizens Bank and Tr. Co., Tampa, Fla.  
Branham, D. R., director pub. Hellman Commercial Tr. and Svgs. Bank, Los Angeles, Cal.  
Brooks, T. J., vice-pres., The Guaranty Tr. and Svgs. Bank, Jacksonville, Fla.  
Brown, G. W. C., assistant secretary, Tidewater Bank & Tr. Co., Norfolk, Va.  
Brown, R. A., assistant cashier, Citizens Nat'l Bank, Raleigh, N. C.  
Bunch, F. E., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-pres., Penn Nat'l Bank, Chester, Pa.  
Buzbee, Minnie A., mgr. adv. dep't., American Bank of Commerce & Tr. Co., Little Rock, Ark.

## C

Clabaugh, S. F., asst. to the pres., The City Nat'l Bank, Tuscaloosa, Ala.  
Conhaim, Herbert J., publicity mgr., Fort Dearborn Nat'l Bank, Chicago, Ill.  
Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.  
Cox, Ray, cashier, American Svgs. Bank, Springfield, Mo.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Fusene E., Commercial Nat'l Bank, Raleigh, N. C.

## D

Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.  
Dayton, T. S., pub. mgr. Guaranty Tr. Co., N. Y.  
Delly, H. E., Tradesmen's Nat'l Bank, Phila., Pa.  
Delson, Louis E., publicity mgr., Central Tr. Co. of Illinois, Chicago, Ill.  
Distelhorst, Walter, advertising dep't., First Wisconsin Nat'l Bank, Milwaukee, Wis.  
Downs, Carroll, mgr., commercial service dep't., The Phila. Nat'l Bank, 421 Chestnut St., Phila., Pa.  
Dysart, W. B., cash. First Nat'l Bank, Ripon, Wis.

## E

Eberspacher, J. C., assistant cashier, First Nat'l Bank, Shelbyville, Ill.  
Ekirch, A. A., secy. North Side Svgs. Bank, N. Y.  
Ellsworth, F. W., vice-pres., Hibernia Bank & Tr. Co., New Orleans, La.

## F

Finch, E. W., assistant cashier, Birmingham Tr. and Svgs. Co., Birmingham, Ala.  
Frost, Lloyd A., treasurer, Guaranty Tr. Co., Cambridge, Mass.

## G

Garner, Percy, publicity mgr., Wachovia Bank & Tr. Co., Winston-Salem, N. C.  
Gehle, Frederick W., mgr. advertising dep't., Mechanics & Metals Nat'l Bank, New York.  
Gehrken, George A., mgr., New Business Dep't., Seaboard Nat'l Bank, New York.  
Germe, Eleanor, mgr. publicity dep't., Los Angeles Tr. & Svgs. Bank, Los Angeles, Cal.  
Grimm, H. B., director, Dep't of New Business, St. Joseph Valley Bank, Elkhart, Ind.  
Groves, J. W., advertising mgr., Minneapolis Loan and Tr. Co., Minneapolis, Minn.

## H

Hall, J. Comly, Farmers and Mechanics Tr. Co., West Chester, Pa.  
Hamsher, C. F., pres. First Nat'l Bank, Los Gatos, Cal.  
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.  
Hatton, E. A., cash. First Nat'l Bank, Del Rio, Tex.  
Higley, J. N., advertising dep't., First Nat'l Bank, Youngstown, Ohio.  
Hillyer, E. L., secretary, Union Tr. Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity mgr., Nat'l City Bank, Chicago, Ill.  
Hodgins, J. H., Statistical Dep't., Union Bank of Canada, Toronto, Canada.  
Hoffman, A. C., mgr. publicity dep't., Security Tr. & Svgs. Bank, Los Angeles, Cal.  
Hokanson, N. M., advertising mgr., State Bank of Chicago, Chicago, Ill.  
Holdam, J. V., advertising mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.  
Holderness, M. E., vice-pres. and adv. mgr., First Nat'l Bank in St. Louis, Mo.  
Hudson, Paul L., assistant cashier, First Nat'l Bank, Corona, Cal.  
Hunter, Harold G., secy. and treas. Kansas City Terminal Tr. Co., Kansas City, Mo.  
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

## I

Imhoff, Charles H., vice-pres., Union Nat'l Bank, Newark, N. J.

## J

Jarvis, Charles D., pub. mgr., Svgs. Bank of Utica, Utica, N. Y.  
Jessup, Theodore, assistant cashier, Woodlawn Tr. and Svgs. Bank, Chicago, Ill.  
Johnson, E. W., Warren Nat'l Bank, Warren, Pa.  
Jones, Marshall H., assistant cashier First and Citizens Nat'l Bank, Elizabeth City, N. C.

## K

Kahn, A. T., vice-pres., Commercial Nat'l Bank, Shreveport, La.  
Keller, C. B., Jr., assistant cashier, Stroudsburg Nat'l Bank, Stroudsburg, Pa.  
Keeton, Monroe, mgr. Svgs. Dep't., Merchants & Farmers Bank, Meridian, Miss.  
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.  
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

## L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.  
Le Beuf, Mae, pub. dep't., Hibernia Bank and Tr. Co., New Orleans, La.  
Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
Lovett, W. R., Atlantic Nat'l Bank of Jacksonville, Jacksonville, Fla.  
Lyons, Chas. S., Puget Sound Bank and Tr. Co., Tacoma, Wash.

## M

McCorkle, Josephine C., pub. mgr., The City Nat'l Bank, Evansville, Ind.  
 McDowell, J. H., American Tr. and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., treas., Park Tr. Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Svgs. and Tr. Co., Akron, Ohio.  
 Matthews, Dave S., adv. mgr., Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., adv. mgr., S. W. Strauss & Co., 150 Broadway, N. Y. C.  
 Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.  
 Merrill, Frank, adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.  
 Meyer, A. J., pub. dep't, Union Tr. Co., Rochester, N. Y.  
 Mills, W. C., New Business Dep't, Metropolitan Tr. Co., 60 Wall Street, New York.  
 Miner, J. H., mgr., Dep't of Public Relations, Seattle Nat'l Bank, Seattle, Wash.  
 Montieur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.  
 Morgan, L. J., adv. mgr., First Nat'l Bank, St. Joseph, Mo.  
 Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.  
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

## N

Norberg, P. G., pub. mgr., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.  
 Nye, Frank T., cashier, First Nat'l Bank, Northboro, Iowa.

## O

Overton, J. A., cashier, Nat'l Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Painter, W. H., asst. to the pres., Security Nat'l Bank, Dallas, Texas.  
 Pierce, Matthew G., pub. mgr., Harris Tr. and Svgs. Bank, Chicago, Ill.  
 Poole, John, pres., Federal Nat'l Bank, Wash., D. C.  
 Potts, W. W., sec'y and treas., The Federal Title and Tr. Co., Beaver Falls, Pa.  
 Powell, V. M., cashier, Home Svgs. Bank, Brooklyn, N. Y.  
 Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, N. Y. C.

## R

Rankin, A. Erwin, pub. mgr., the Fidelity Tr. Co., Buffalo, N. Y.  
 Raven, F. J., American Oriental Banking Corporation, Shanghai, China.  
 Reid, Carol S., pub. mgr., Peoples Bank, Ltd., Hilo, T. H.  
 Reynolds, D. M., pub. mgr., First Nat'l Bank and Tr. and Svgs. Bank, Los Angeles, Cal.  
 Rittenhouse, C. M., Farmers Loan and Tr. Co., N. Y. C.  
 Rouff, Melvin, assistant cashier, Houston Nat'l Exchange Bank, Houston, Tex.  
 Ruff, William J., cashier, Luzerne County Nat'l Bank, Wilkes-Barre, Pa.  
 Ryland, Cally, mgr., New Business Dep't, American Nat'l Bank, Richmond, Va.

## S

Schlenker, Almot, cashier, First Nat'l Bank, Brenham, Tex.

Sclater, A. G., Union Bank of Canada, 49 Wall St., New York.  
 Scott, Walker, vice-pres., Virginia Tr. Co., Richmond, Va.  
 Sellow, Waldo W., Albert Frank and Co., 14 Stone St., New York City.  
 Shepherd, George W., Internat'l Tr. Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Tr. and Svgs. Bank, Kankakee, Ill.  
 Smith, A. C., vice-pres., City Nat'l Bank, Clinton, Iowa.  
 Smith, Allen T., mgr., Special Service Dep't, Industrial Svgs. Bank, Flint, Mich.  
 Staker, F. M., mgr. pub. dep't, Commerce Tr. Co., Kansas City, Mo.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, N. Y. C.  
 Stoner, T. H., cashier, The Peoples Nat'l Bank, Waynesboro, Pa.  
 Stover, J. C., sec'y-treas., Indiana Svgs. and Loan Association, South Bend, Ind.  
 Streicher, John H., New Bus. Dep't, Commercial Svgs. Bank and Tr. Co., Toledo, Ohio.  
 Sutton, Frederick T., pub. mgr., Mercantile Bank of the Americas, New York.

## T

Taylor, C. E., Jr., pres., Wilmington Svgs. and Tr. Co., Wilmington, N. C.  
 Tidewater Bank and Tr. Co., Norfolk, Va.

## V

Van Blarcom, Wessels, assistant cashier, Second Nat'l Bank, Paterson, N. J.  
 Van Name, Miss M. L., 515 Stephen Girard Building, Phila., Pa.

## W

Wadden, John W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.  
 Wadden, Thomas A., vice-pres., Lake County Bank, Madison, S. D.  
 Wells, Geo. T., assistant cashier, Denver Nat'l Bank, Denver, Colo.  
 Wilkes, W. H., asst. to the pres., Nat'l Bank of Commerce, St. Louis, Mo.  
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third Nat'l Bank, Scranton, Pa.  
 Williams, John L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.  
 Winship, Addison L., mgr., New Business Dep't, Nat'l Shawmut Bank, Boston, Mass.  
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.  
 Woolford, Withers, Bank of America, 166 Montague Street, Brooklyn, N. Y.

## Z

Zambrano, Adolfo, Jr., c/o A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.  
 Zimmerman, Frank A., treas., Chambersburg Tr. Co., Chambersburg, Pa.  
 Zimmerman, Paul E., cashier, Oak Tr. and Svgs. Bank, Oak Park, Ill.



## NEW NAMES

Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.  
 Higgins, A. Earle, Adv. Service, 239 Broadway, N. Y. C.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

# IRVING NATIONAL BANK NEW YORK

## *Statement of Condition on July 31st, 1920*

### *Resources*

Cash in Vault and with Federal Reserve Bank . . . . .	\$27,276,265.81	
Exchanges for Clearing House and due from other Banks . . . . .	42,431,442.89	
Commercial Paper and Loans eligible for Rediscount with Federal Reserve Bank . . . . .	<u>109,445,889.10</u>	\$179,163,597.80
<i>Other Loans and Discounts</i>		
Call and Demand Loans . . . . .	11,530,109.49	
Due within 30 days . . . . .	11,426,275.36	
Due 30 to 90 days . . . . .	25,289,732.50	
Due 90 to 180 days . . . . .	30,853,468.26	
Due after 180 days . . . . .	<u>454,491.51</u>	79,554,077.12
United States Obligations . . . . .		5,824,951.98
Other Investments . . . . .		4,839,485.55
Bank Buildings . . . . .		479,928.00
Customers' Liability for Acceptances by the Bank and its Correspondents [anticipated \$1,441,454.30] . . . . .		13,963,941.07
Loans made for Customers . . . . .		<u>1,005,000.00</u>
<b>TOTAL RESOURCES</b> . . . . .		<b><u>\$284,830,981.52</u></b>

### *Liabilities*

Capital Stock . . . . .		\$12,500,000.00
Surplus and Undivided Profits . . . . .		10,869,470.36
Discount Collected but not earned . . . . .		1,551,198.56
Reserved for Taxes . . . . .		1,729,292.86
Circulating Notes . . . . .		2,262,300.00
Acceptances by this bank Bank and by Correspondents for its Account [after deducting \$2,466,636.66] . . . . .		15,405,395.37
Due Federal Reserve Bank . . . . .		15,500,000.00
Loans made for Customers . . . . .		1,005,000.00
Deposits . . . . .		<u>224,008,324.37</u>
<b>TOTAL LIABILITIES</b> . . . . .		<b><u>\$284,830,981.52</u></b>

*Every Modern Banking Service*

# NEWLY ORGANIZED CORPORATIONS

What does a transfer agent do for a newly organized corporation?

Keeps the corporation's stock ledger, cancels old stock certificates, issues and countersigns new certificates, disburses dividend checks, and handles a vast amount of detail work, relieving the corporation's officials of many burdensome details.

*Inquire*  
37 Wall Street

Uptown Office  
Madison Ave. at 45th St.  
London—3 King William St., E. C. 4

Colonial Office  
222 Broadway  
Paris—23 Rue de La Paix



## THE **EQUITABLE** TRUST COMPANY

OF NEW YORK

BANKING, TRUSTS & INVESTMENTS  
SAFE DEPOSIT VAULTS

Total Resources over \$300,000,000

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**BANKERS  
MAGAZINE**

SECTION

## The Future of America's Foreign Trade

By F. W. Gehle

The Mechanics and Metals National Bank of New York

(Being the summary of an address delivered before the North Carolina Bankers Association)

**T**HE future of America's foreign trade is entitled to the closest study of every American citizen. There are a number of vital problems involved that require the closest study and coöperation if they are to be properly solved and if our foreign trade is to be maintained on a basis that will continue to contribute to the present prosperous condition of our nation. In considering the part that the American people have to play in continuing to supply Europe with commodities, we hear it said quite often "We have done enough. Let's quit and watch after ourselves. Europe is bankrupt and cannot pay what it owes. In any case we don't need foreign trade; our domestic trade is sufficient."

The last thing we can afford to do is to subscribe to any sentiments like these. We cannot quit and watch after ourselves. Europe to-day is seriously lacking the goods that are necessary to human life; food, coal, iron, cotton, wool and oil are urgently in demand and if the people abroad are not helped they will suffer real distress. Men are unemployed, yet land is uncultivated, mills and factories are idle, land transportation is broken down and shipping is badly out of order, all because materials are not available for operation.

There are two ways of looking at the

proposition that is before us. One is in the light of Europe's dependence upon us. The other is in the light of our dependence upon Europe. If, deciding that we did not care to continue exporting to Europe at this time, extending credit and thus giving Europe the opportunity of postponing payment, the effect upon the United States would be sharp and immediate. The unusual prosperity we have enjoyed in the last few years originated in 1915 in the expansion of our foreign trade. It started out of a severe depression. It had its beginning in the munitions industry, then spread to the steel trade, then to agriculture and finally to every trade in which we are engaged in this great agricultural and industrial country.

Depression works in quite the same infectious way as prosperity. If the outflow of our goods ceases, depression will show itself first in one trade and then rapidly in others as the export demand for the products of those trades disappears. Our agricultural and industrial capacity to-day is proportioned to and very largely based upon an unparalleled export trade, and if that export trade is cut off our surplus capacity will no longer be required; and prices will at once decline.

Some may say that this would be an excellent way to reduce the high cost



of living. It would. But if prices do suddenly decline through any such cause the shrinkage in the profits of our farmers and manufacturers will at once result in a curtailment of supplies. That in turn will bring unemployment and hardship followed speedily by business depression.

We require a large foreign trade in the United States and there is a very practical reason for the statement that we owe it to ourselves as well as to the prostrate countries of Europe to continue sending them our goods in quantities as large as we can possibly afford. That practical reason is to support our customers up to a time when they are self-supporting, and thus to maintain the markets that we have built up during the last few active years.

Our favorable trade balance now represents a saving fund for the American people. What we produced and did not consume ourselves has in the last six years resulted in a favorable balance in our trade with Europe of \$12,500,000,000. That is to say, that in the six years since the outbreak of the World War we shipped from the United States to Europe \$34,000,000,000 of commodities and received back \$21,500,000,000. The world now owes us for the balance. The immense advantage of having a reserve built up out of foreign trade was never better illustrated than by the experience of Great Britain in financing her foreign purchases during the war.

It is not that we want to set up a commercial imperialism; that was Germany's motive in the late years of her power, and we know what that resulted in. Our motive must be a moral as well as a practical one, and if it prompts a continuance of our exports on a large scale and permits Europe to give us notes for the balance of those exports that it cannot immediately pay for, we certainly shall not be accused of seeking to build up a monopoly of the trade of the world.

There are four sources of export credit; the exporters themselves; the United States Treasury; the commercial banks; the investing public. The first two sources are just now out of

the question. Exporters long ago reached the end of their ability to finance shipments themselves and the United States Treasury withdrew in January when Carter Glass, then Secretary of the Treasury, said that it was time for the government to get out of the banking business. The commercial banks up to this time have advanced a great amount of credit for export transactions and that credit is one large factor in the present stringency of the money market.

It is the investing public that has got to be appealed to in the long run if our trade is to be properly and safely financed. Of special present interest is a plan for foreign financing, formulated by the chairman of the commerce and marine committee of the American Bankers Association. This plan contemplates uniform effort through the cooperation of bankers, exporters, manufacturers and producers generally of the country in the organization of a corporation on nation-wide lines which, with efficient management, a thoroughly responsible personnel and amply sufficient resources, would provide financial machinery for the maintenance and development of our foreign trade in a manner conducive to the national welfare. At the same time such a corporation as suggested would, it is thought, exercise a favorable influence in stabilizing business conditions abroad and in aiding in some measures of reconstruction.

After considering a report on this plan, the executive council of the American Bankers Association at its meeting at Pinhurst in April, emphatically approved it and requested the president of the association to appoint a committee to confer with like committees which might be appointed by other responsible national organizations with a view to enlisting united effort in the development, if feasible, of the contemplated organization. The Chamber of Commerce of the United States has appointed a committee and it is the intention of the National Foreign Trade Council to appoint a similar committee. Recognition of the basic principle of the plan was

given in the final declaration of the National Foreign Trade Convention held under the auspices of the National Foreign Trade Council at San Francisco in May, when it was stated as important that "our banking institutions should be afforded every reasonable opportunity and protection in their efforts to expand their services to foreign commerce and in enlisting the interest of American investors in foreign securities with united action to this end, if possible, by exporters, bankers, manufacturers and other producers of this country."

The spirit and ability of our investors play a dominating part in the current situation. We like to call ourselves a nation of savers. During the war we were. But we are also a nation of spenders. The nature of our economic life, in which wealth has been accumulated so easily, has made us that. It is a national misfortune that American people are not saving more. Obviously, European financing must come into competition with domestic financing. Also it must come into competition with other parts of the world, South America, Central America, the Orient. So, then, for our own advantage and in order that competition for our funds may not drive interest rates to a level that will prohibit the expansion of domestic enterprises, a method of living is essential that will permit an increase of liquid capital, and a system of taxation is necessary that will enable the employment of liquid capital.

The market for everything is in men's minds. When the first Liberty Bond issue was contemplated, people said a billion dollars was more than could be obtained. Three billions were subscribed, and in two years altogether 26 billions were subscribed, all because men's minds were developed to the point of subscribing largely. I do not say that such a campaign as that of the war period is necessary but a campaign that will teach production and thrift and an investment of savings in the interest of progress ought to be inaugurated, and will be successful if it is carried forward energetically.



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It is my firm conviction that the American people will respond to the efforts of the committee that are now working out the giant problems of reconstruction and will solve those problems in the best interest of both this nation and the nations overseas that felt most bitterly the red curse of the war.

### Reconstruction in England

**R**ETURNING from a trip to Europe Otto H. Kahn says of England:

"The greatest progress toward complete rehabilitation has been made by England, notwithstanding labor unrest and the undue frequency of strikes. The spirit of wise yet daring enterprise which is traditional of England, the experience and insight and financial aptitude gained in the course of centu-

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ries, the efficiency of her machinery for international trade, her old time prestige based upon the justly earned reputation for fair and honest trading, her clear recognition and resolute pursuance of the realities, her governmental

attitude toward business—all these and other elements have been instrumental toward her recovery of her old time position. Moreover, she has secured greater advantages from the Peace Treaty than any other nation."

## European Foreign Banking Expansion

**A**N interesting summary of European foreign banking expansion is contained in the July number of the "Compass," the monthly publication of the Mercantile Bank of the Americas. The article follows:

American banks with foreign branches will find themselves sooner or later faced by formidable competition with banks of other countries operating abroad. Our own foreign trade banks as compared with those of Great Britain and Germany are young and inexperienced. It is interesting to examine superficially the present situation of the principal banking establishments of European countries specializing in foreign com-

merce. Before the war Great Britain and Germany were the two principal countries contending for foreign commerce with the greatest success mainly due to the excellent foreign banking organization of both countries.

In 1914 England had more than 2,000 agencies and about 4,500 banking branches abroad. Her extensive foreign banking organization has been reinforced since the war by the establishment of central institutions such as the British Trade Corporation with a capital of £10,000,000, the British Overseas Bank with a capital of £5,000,000 and the organization of a department in the British Board of Trade for handling export credits with a capitalization of £26,000,000.

There are about fifteen British banks op-



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erating in the colonial possessions of Great Britain. Outside of these the principal British foreign trade banks in operation, in their relative order of importance, are the London and River Plate Bank, Ltd.; the Anglo-South American Bank, Ltd.; the London and Brazilian Bank, Ltd.; the British Bank of South America, Ltd.; the British Bank of Northern Commerce, Ltd., and the British Bank for Foreign Trade, Ltd.

Germany, in 1913, had nine foreign trade banks in operation with a total capital and reserves of approximately \$44,973,000. The most important of these were the Brasilianische Bank fur Deutschland, Deutsch Asiatische Bank, Deutsch Südamerikanische Bank, Deutsche Orient Bank, Deutsche Palestina Bank and the Deutsche Ueberseeische Bank. This, of course, is not taking into consideration the Deutsche Bank, the Direction der Disconto-Gesellschaft and the Dresdner Bank, the operations of which are for the most part domestic. Needless to say, however, they handle a great volume of foreign business like many of our domestic banks although they do not have any foreign branches in operation. The present situation and future possibilities of German banking abroad is largely a matter of conjecture.

Holland at the outbreak of the war had in operation the Hollandsche Bank voor Zuid-America founded by the Rotterdamsche

Bankvereeniging. This bank in 1918 had a capital of 14,000,000 florins augmented by a reserve fund of 2,500,000 florins and maintained branches at Buenos Aires, Rio de Janeiro, Santos and Sao Paulo. It had been proposed to increase the capital to 50,000,000 florins in order to extend its field of operations to Chile and to acquire an interest in the Hollandsche Bank voor de Middellandsche Zee which with a capital of 20,000,000 florins will be established shortly in Barcelona and Genoa.

In Norway various banking institutions united in January, 1919, to establish branches in South America and the Far East for the purpose of assisting national commerce. They organize the Norsk Oversjøiek Bank Union with a capital of 10,000,000 kroner which in September of last year established in Buenos Aires the Argentine Scandinavian Bank with a capital of 10,000,000 pesos m/n.

In France the Chamber of Deputies in October of last year approved the convention drawn up by the Ministers of Commerce and Finance and prominent bankers for the formation of the Banque Nationale Francaise du Commerce Extérieur with a capital of 100,000,000 francs.

In Italy, Nitti, while he was Minister of Finance, formed a consortium of the four great banking institutions of the country, the Banca Commerciale, the Credito Itali-

ano, the Banca Italiana di Sconto and the Banco di Roma. This partnership was to last for two years after the end of the war in order to increase domestic production and to establish branches or factors in new foreign markets.

Spain as yet has not attempted any definite action supported by governmental influence for financing foreign commerce although there has been considerable discussion concerning the formation of a Spanish Trans-Atlantic Bank.

## The Chinese Consortium

**T**HE necessity for hearty co-operation by private business interests in the United States if the consortium for China in which Great Britain, France, Japan and the United States are to participate equally, is to be made a success is expressed by T. W. Lamont, of J. P. Morgan & Co. The organization meeting of this consortium has been called for the middle of September in New York City.

"The policy of the United States government with respect to the Far East has been criticized in the past as not having been altogether constant" he said. "But in this particular matter of the consortium, since it took it up afresh two years ago, its policy has been consistent, energetic, courageous. But the success of the consortium, the maintenance of American trade in the Far East, rests in the last analysis, not upon governments but upon the support given by private citizens.

"Japan undoubtedly showed broad-mindedness and wisdom in waiving her reservations in regard to Manchuria and Mongolia. She was courageous in recognizing that those reservations were of no value to her and if maintained would only serve as an inevitable bar to her entering as a free and full partner in the consortium. As one of her leading men said to me: 'I want Japan to enter the consortium on the same terms as the other banking groups; first, because the operations of the consortium will best develop China and from such development Japan will benefit most; second, because through the consortium the four nations will be brought into closer touch, and third, but not least, because

Japan has not the resources to develop China alone."

Viscount Uchida, Minister for Foreign Affairs of Japan, in addressing the special session of the Imperial Diet in July, had this to say of the consortium:

"It has always been the earnest desire of the Japanese government that by the creation of a new loan organization the needless competition among nations in China should be eliminated, thus not only promoting the prosperity of China herself, but also establishing the friendly co-operation of nations in their relation with the Chinese Republic.

"However, while the other powers concerned can afford to look upon the question of the new consortium solely or mainly from the standpoint of business interests, it is otherwise with Japan, inasmuch as her vital national interests are more or less involved in it. Being contiguous to China, Japan has to take into consideration the requirements of her national defense and economic existence in dealing with a problem such as the one under discussion. The powers concerned have hitherto shown a willingness to appreciate the special and peculiar position of Japan. The Japanese government however, in confirming the Paris agreement, considered it advisable to arrive at a more definite understanding on this point with the governments interested. A frank exchange of views with the American, British and French governments has resulted in a full appreciation on their part of the main purpose of the Japanese proposal, which has in view the securing of our national defense and the safeguarding of our economic existence."

John J. Arnold to New Position

JOHN J. ARNOLD, supervisor of international business department of the Bank of Italy, San Francisco, has resigned, to become a director of the Bankers' Union for Foreign Commerce and Finance with headquarters in



JOHN J. ARNOLD

Director of Bankers' Union for Foreign Commerce and Finance

New York. He will leave San Francisco for his new position August 1. J. L. Williams, vice-president of the East River National Bank, New York, which is affiliated with the Bank of Italy, succeeds Mr. Arnold in San Francisco.



The International Chamber of Commerce

SOME of the measures recommended by the conference of the International Chamber of Commerce at Paris to

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restore international credit and clear the financial situation generally were:

Avoidance of duplicate taxation of wealth of individuals or organizations in more than one country.

Reduction of unnecessary expenditures on the part of local and national governments.

Extension of credits, uniform banking laws and war damages.

Reciprocal international treaties relative to import and export taxes.

An international credit bureau.

Coöperation of national and local chambers of commerce with their governments to reduce national and local governmental expenditures.

Governments and banking, commercial, and industrial associations in all countries to coöperate with the international chambers and with each other to reduce importation of non-essentials by countries whose exchanges are depreciated and to increase exports from such countries.

An endeavor to obtain the coöperation of labor to prevent delay in the turn around of ships, delay between ships and trains and delay in transportation by rail.

Restriction as far as possible upon coun-

tries whose exchanges are depreciated issuing foreign loans.

A reconstruction special committee to study the exchange situation.

Inducement of foreign investment in home countries.

Encouragement of tourists through removal of unnecessary restrictions.

Simplification of passport procedure.

Revocation of import and export prohibitions as soon as international conditions of each country permit.

Board of directors petitioned to establish a central bureau for international statistics covering production with forecast of output and probable needs of each country.

## The Growth of National Debts

**T**HE astounding growth in the national debts of the various countries in the world is shown in an analysis prepared by O. P. Austin, statistician of the National City Bank of New York, which was published recently in the bank's periodical, "The Americas." Mr. Austin wrote in part:

The national debts of the world now approximate \$265,000,000,000, against \$44,000,000,000 at the beginning of the great European War. The interest charges on the grand total now exceed \$9,000,000,000 annually, as against about \$1,750,000,000 in the year before the war. The per capita of national indebtedness averages, for the aggregate population of all the countries for which debt figures are available, about \$150 per capita, against approximately \$27 per capita in 1913, and annual interest charges about \$6 per capita at the present time, as against about \$1 per capita in 1913.

These figures are of course, in very round terms. It is not possible to measure with extreme statistical accuracy the total national indebtedness of the world in any designated month or year since the official statements of national debt are in many cases comparatively infrequent and in some instances stated in terms not readily comparable with those of other countries, while the figures covering the interest rates on the various issues, and therefore the annual interest charges, are even more difficult.

### DEBTS AT DIFFERENT PERIODS

In general terms, however, it may be stated that the debts of all countries and colonies of the world in which national obligations are created and recorded aggregated a little over \$1,000,000,000 in the year 1700, \$2,500,000,000 at the beginning of the Napoleonic Wars in 1793, and about \$7,000,000,000 at its close in 1816. In the thirty-eight years of comparative peace which followed the Napoleonic Wars the advance was comparatively slow, the world total standing at about

\$8,500,000,000 at the beginning of the Crimean War in 1854. In the twenty years which included the Crimean, the American Civil, and the Franco-Prussian Wars, the period 1854 to 1874, world national debts increased 150 per cent., advancing from \$8,500,000,000 in 1854, to \$22,000,000,000 in 1874. Then came a forty-year period, which included not only the Spanish-American, the British-Boer, the Balkan and the Russo-Japanese Wars, but also large expenditures for the creation and maintenance of big standing armies and great navies, as well as the construction of railways and telegraphs, many of them by national governments or through aid granted by them, and in that forty-year period, 1874 to 1914, national debts again doubled, standing at the beginning of the great European War at approximately \$44,000,000,000. Then came the great European War, with its enormous armies aggregating 30,000,000 men; its transportation of men, munitions and food supplies across great oceans; its use of new devices for destruction on land and sea, in the air, and beneath the oceans, and the additions to national debts made thereby advanced by leaps and bounds, at a rate hitherto unheard of in any of the earlier wars, which sink into insignificance when compared with the magnitude in this one in which a dozen nations participated, and in the six years from its beginning in 1914 to the present time world indebtedness grew from \$44,000,000,000 to approximately \$265,000,000,000, an actual increase in six years of over \$200,000,000,000, an average annual increase of \$35,000,000,000, as against an average of a little more than \$1,000,000,000 per annum in earlier years.

### INCREASE GENERAL IN ALL COUNTRIES

The chief increase occurs in the debts of the dozen countries and colonies participating in the war, though in practically every country for which figures are available the 1919-20 figures show larger totals than those at the beginning of the war period, which advanced the costs of everything and increased expenditures, necessitating loans of at least a temporary character. This is illustrated by the fact that the aggregate

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debts of the European countries as a whole grew from \$32,000,000,000 at the beginning of the war to \$184,000,000,000 at the date of the armistice, and \$223,000,000,000 at the latest available date; those of North America, which included the United States and Canada among the participants in the war grew from \$2,150,000,000 at the beginning of the war to \$27,800,000,000 at the date of the armistice, and \$26,946,000,000 at the present time, while those of South America, Asia, Africa and Oceania combined grew from less than 8½ billion dollars in 1913 to 12¾ billions in 1919.

Of the \$220,000,000,000 added to world national indebtedness since the beginning of the European War, approximately \$200,000,000,000, or more than nine-tenths, was created by the seven great countries participating in the war, Great Britain, France, Italy, the United States, Russia, Germany and Austria-Hungary. Great Britain increased her debt from approximately 3½ billion dollars in 1913 to 38 billions at the present time; France, from 6 1/3 billion dollars to 46 billions; Italy from about 3 billion dollars to 15 billions; the United States, from 1 billion to 25 billion dollars; Russia, from 4½ billion dollars in 1913 to 25 billions at the date of the advent of the Bolsheviks in 1917; Germany, from a little over 1 billion dollars in 1913 to 48 billions, and Austria-

Hungary, from 3 1/3 billion dollars in 1913 to 27 billions (though how much of this latest figure will be charged respectively against the political entities formed from the former Austro-Hungarian Empire cannot now be determined). Belgium's debt, which was a little less than \$1,000,000,000 prior to the war, is now about \$4,000,000,000; Canada and Australia increased their indebtedness about 1½ billion dollars each; Japan apparently "paid her way" from current funds and taxation, since her debt at the present time exceeds that of 1913 by less than \$100,000,000, a mere trifle as compared with that of the other active participants of the war. Poland has developed a debt (measured by her paper currency, which has an extremely small gold backing) of about 1½ billion dollars, face value, since her establishment as an independent government, with power to create national debts. The increase in the debt of Turkey, which can only be approximated, was apparently about 1½ billion dollars, aside from loans by Germany and Austria-Hungary. How much of the indebtedness of the countries dismembered as a result of the war, including especially Russia, Austria-Hungary and Turkey—to say nothing of Germany, which lost a considerable area and population both in Europe and the colonial world—will be allotted to the respective new political divi-

sions created from their territory, and how much will be retained by the governments operating under the former titles of Russia, Germany, Austria, Hungary, Turkey, etc.,

cannot be determined or even approximated.

The statistical table prepared by Mr. Austin is as follows:



### NATIONAL DEBTS OF THE WORLD IN 1913, 1918 AND 1919-1920

	Pre-War		(As nearly as can be stated)		
			Armistice		Latest Available
Argentina.....1913	\$732,398,000	1918	\$866,380,000	1918	\$866,380,000
Australia.....1913	80,763,000	1918	975,738,000	1919	1,582,000,000
Australia States.1913	1,348,624,000	1916	1,741,301,000	1917	1,813,000,000
Austria (a).....1913	2,152,490,000	1918	16,475,000,000	1919	17,668,000,000
Belgium.....1914	825,269,000	1918	3,500,000,000	1920	4,000,000,000
Bolivia.....1913	19,369,000	1918	23,307,000	1919	26,500,000
Brazil.....1912	663,667,000	1917	1,073,826,000	1918	1,118,546,000
Brit. W. Africa..1913	55,200,000	1917	67,100,000	1918	63,000,000
Brit. W. Indies.1913	29,100,000	1917	30,200,000	1918	32,800,000
Bulgaria.....1912	135,300,000	1918	800,000,000	1919	2,158,000,000
Canada.....1913	544,391,000	1918	1,300,000,000	1920	1,935,946,000
Ceylon.....1913	30,011,000	1918	27,100,000	1919	27,100,000
Chile.....1913	207,704,000	1918	228,377,000	1918	228,377,000
China.....1913	969,189,000	1916	1,066,649,000	1920	1,534,575,000
Chosen.....1913	21,837,000	1918	46,652,000	1918	46,652,000
Colombia.....1913	24,234,000	1918	22,856,000	1918	22,856,000
Costa Rica.....1913	16,488,000	1917	20,254,000	1917	20,254,000
Cuba.....1914	67,620,000	1915	65,923,000	1918	63,289,000
Denmark.....1913	95,579,000	1918	161,700,000	1918	161,700,000
Dom. Republic..1914	13,218,000	1918	13,686,000	1919	13,358,000
Dutch E. Indies .....	.....	1916	91,871,000	1916	91,871,000
Ecuador.....1913	19,780,000	1918	25,756,000	1918	25,756,000
Egypt.....1913	459,153,000	1918	455,338,000	1918	455,338,000
Finland.....1913	33,706,000	1916	34,618,000	1916	34,618,000
France.....1913	6,346,129,000	1918	30,000,000,000	1920	46,025,000,000
French Colonies.1912	210,667,000	1913	476,711,000	1918	579,711,000
Germany.....1913	1,194,052,000	1918	40,000,000,000	1920	48,552,000,000
German States.1913	3,854,795,000	1917	4,341,611,000	1920	4,500,000,000
German Colonies.1913	32,410,000	1913	32,410,000	1913	32,410,000
Greece.....1913	206,640,000	1917	259,725,000	1919	468,367,000
Guatemala.....1913	17,577,000	1917	16,230,000	1917	16,230,000
Haiti.....1912	42,863,000	1914	30,373,000	1917	24,983,000
Honduras.....1913	121,261,000	1918	130,758,000	1919	131,771,000
Hungary (b).....1913	1,731,350,000	1918	8,512,848,000	1920	9,412,000,000
India, British..1912	1,475,272,000	1917	1,546,237,000	1917	1,546,237,000
Italy.....1913	2,921,153,000	1918	12,000,000,000	1920	18,102,000,000
Japan.....1913	1,241,997,000	1918	1,244,375,000	1920	1,300,000,000
Mexico.....1912	226,404,000	1918	377,333,000	1919	500,000,000
Netherlands.....1914	461,649,000	1917	762,527,000	1919	981,349,000
New Zealand.....1913	438,271,000	1918	734,000,000	1919	856,875,000
Newfoundland.....1913	27,450,000	1918	34,870,000	1919	35,000,000
Nicaragua.....1913	9,189,000	1917	18,596,000	1917	18,596,000
Norway.....1913	97,215,000	1918	197,409,000	1920	250,000,000
Panama.....1912	5,100	1916	7,172,000	1919	7,101,000
Paraguay.....1913	12,751,000	1918	13,515,000	1918	13,515,000
Peru.....1913	34,268,000	1916	34,015,000	1916	34,015,000
Philippines.....1913	12,000,000	1917	20,301,000	1919	20,470,000
Poland.....	.....	.....	.....	1919	1,356,600,000
Portugal.....1913	947,603,000	1918	1,289,646,000	1918	1,289,646,000
Rumania.....1913	316,693,000	1915	355,194,000	1918	1,022,000,000
Russia.....1914	4,537,861,000	1917	25,000,000,000	1917	25,000,000,000
Salvador.....1913	9,970,000	1918	11,098,000	1918	11,098,000
Serbia.....1913	126,232,000	1913	126,232,000	1913	126,232,000
Siam.....1913	27,799,000	1918	32,935,000	1919	32,616,000
Spain.....1914	1,814,270,000	1917	1,964,206,000	1919	1,985,774,000
Straits Setl'm'ts.1913	33,627,000	1917	37,100,000	1919	57,424,000
Sweden.....1913	161,390,000	1917	249,298,000	1920	336,420,000
Switzerland.....1912	23,614,000	1918	205,439,000	1918	205,439,000
Turkey.....1913	675,664,000	1917	1,459,000,000	1918	2,000,000,000
Union S. Africa.1913	573,415,000	1918	780,766,000	1918	780,766,000
United Kingdom.1913	3,485,818,000	1918	36,391,000,000	1920	39,314,000,000
United States...1913	1,028,564,000	1918	17,005,431,000	1920	24,974,936,000
Uruguay.....1913	137,827,000	1918	164,308,000	1918	164,308,000
Venezuela.....1913	35,051,000	1918	28,983,000	1918	28,983,000
Total.....	\$43,200,931,000		\$214,975,373,000		\$265,305,022,000

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 Reserve Fund . . . . .  .. Yen 44,000,000

(\$0.50=1 Yen)

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## Great Britain

### Taxable Capacity of Great Britain

**I**N a recent address on "The Taxable Capacity of the Nation," the Right Hon. R. McKenna, chairman of the London Joint City and Midland Bank Limited, said in part:

There is one great characteristic in which the British people can claim preëminence over the rest of the world. No people can compare with us in readiness to submit to the burden of taxation. May I suggest that the time has come for us to direct our minds a little to the question: How much can the country safely be called upon to pay in the way of taxation? Now if it is true as I believe, that the nation cannot afford to pay in taxation more than £1,000,000,000, the conclusion to which I am driven is that we are being gravely overtaxed.

From the point of view of a banker it is not without interest to observe the effect

of over-taxation. Manufacturers and traders, having paid to the state by way of income tax and excess profits tax so much more than they can properly afford, are compelled to rely more and more upon their bankers for assistance in making needful capital outlay if they are to maintain their businesses. What is the consequence? We all know that when banks lend, new deposits are created and purchasing power is increased. Thus we see in over-taxation a direct stimulus to an increase of credit, and therefore, as the money is needed for capital purposes, to an immediate rise in prices. Those who advocate high taxation forget that though they believe they are going to reduce prices by taking the money from the people, it is, in fact, one of the causes of high prices. The only condition on which that would not be true is that manufacturers and traders were denied the necessary capital to continue their businesses.

Our first duty at this time is to increase production. We must raise in taxation enough to pay our way. We must not borrow to meet government expenditure or to pay interest on our debt. But we must so limit our expenditure as not to require heavier taxation than can be imposed without injury to the development of our production.

We have so much money and no more to spend. The nation must act just as every

one of us acts in our private capacity. A wise nation like a wise individual cuts its coat according to its cloth. It realizes that it has not an unlimited power of expenditure.



## Fluctuations in Sterling Exchange

**A**N analysis of the fluctuations of sterling exchange recently issued by The Anglo-South American Bank, Limited, is in part as follows:

Movements in the foreign exchanges during June have been very similar to those of the few weeks preceding and there has been a further very distinct progress towards normality in the case of those currencies which stand at a more or less appreciable exchange discount. The present survey is conducted from the standpoint of British currency and as was the case a month ago our figures show that where sterling stands at a premium that premium is tending to be reduced, and where at a discount this also is gradually being lessened. There are exceptions, of course, in both cases, but this has been the rule, and it is quite in conformity with the argument that an adverse exchange tends to right itself both by stimulating exports and by inducing a contraction in imports.

The improvement has been most marked in the case of the French franc, the premium on sterling in France having fallen during the month from over 125 per cent. to 98½ per cent. Brussels has moved in similar fashion, and there has also been a substantial improvement in the Italian currency. To a large extent these movements have been linked with the prospect of the Allied countries obtaining more or less substantial benefits as a result of the Spa Conference and the division of the amount payable by Germany under the head of reparation, but the circumstance has not had the contrary effect upon the exchange value of German currency which might have been expected, for whereas a month ago sterling stood at a premium of 790 per cent., as compared with German marks, at the end of June the agio had been reduced to 658 per cent. The improvement in German exchange is more inconsistent still if the currency position within the country is considered, for inflation in Germany is still increasing at a rapid rate.

It will be noted that exchange was at its highest in January last, a quotation of 365 marks to the pound being touched on the 26th of that month. At that time the Reichsbank note circulation was 36,984 million marks, and it had a metallic reserve slightly in excess of 1,089 millions, but five

months later, when the note circulation had increased to 51,656 million marks without any addition to the gold reserve, the exchange rate had actually fallen to 148. The Darlehnskassenscheine issue amounts to about 13,000 million marks, having varied but little during the six months, but from the figures given it would seem that, the greater the degree of inflation within the country, the better it is for Germany's credit abroad. Recent trade figures with regard to Germany are not easy to obtain, though the totals for January of last year throw no light on the matter, for imports were then stated at 78 million marks and exports at 73 millions. Since that time, however, the trend has probably been favorable to Germany, for, while every effort has apparently been used to produce and export, the insignificant amount of Germany's balances abroad and the crushing cost of exchange movements has brought Germany's import trade almost to vanishing point. Even this, however, is no satisfying explanation of the exchange movement, for if long continued it would inevitably result in a dearth of necessary raw materials and the practical cessation of exports.

One is consequently driven to seek a more general cause for the phenomena to which we have drawn attention. Contradictory as the movements in the value of sterling appear to be, they agree in this, that a steadily improving value is being placed upon the currencies of those countries which have suffered the greatest depreciation during the last few years as against those which command a premium. As has clearly been the case with Germany, the tremendous reduction in purchasing power resulting from these exchange movements is being felt more and more by the purchasing nations and a remedy is being sought. In the case of the internal markets, the manufacturer and merchant, faced with a serious decline in the demand for their wares, reduce prices, and it may be that the same condition is being arrived at in an international sense by means of an adjustment of the exchanges more favorably to the countries of the potential but greatly handicapped buyer.



## British Credit Policy

**I**N a discussion of credit and high prices delivered before the parliamentary commercial committee of the House of Commons recently, F. C. Goodenough, chairman of Barclays Bank, Limited, of London, said in part:

If we could be sure that contraction of credit would bring down prices the experiment would be worth trying, but there seems



# Farm Values and Banking

**F**ARM LAND values have increased about 70 per cent in the last five years. The crop value per acre has risen 124 per cent in the same period. Thus more money is required for commercial transactions than heretofore, consequently greater banking facilities and larger service.

The Atlantic National Bank serves more particularly that district in New York where agricultural products are marketed. Its service, therefore, is of distinct value to banks in agricultural districts requiring New York connections.

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to be a great danger in fixing an arbitrary limit to the supply of credit, and in assuming that prices must inevitably adapt themselves to such limit, so long as there are factors governing prices, which for the time being are entirely beyond our control.

The deflation that is needed is that which will bring down the ratio of purchasing power to the amount of purchasable things, and this might even be accomplished by expansion of purchasing power coupled with a greater expansion in the volume of purchasable things.

Between unlimited credit expansion and an arbitrary limitation, there lies the alternative of careful discrimination by the banks in the matter of their advances, such as has lately taken place under the pressure of a healthy stringency. It lies with the banks to force the liquidation of speculative positions, while not unduly restricting the demands of legitimate industry. In this manner we can slowly, but with certainty, attain to gold prices.

Our policy, therefore, should be to supply adequate credit to enable legitimate industry to expand, and this requires also a system of currency working in unison with such a volume of credit as may be required to carry on the business of the country.

## A Plea for American Aid

**M**AJOR P. D. THOMAS, M.B.E., M.B.O., prominent in British steel and financial circles, upon arriving in the United States recently, commented as follows on the European financial situation:

There will be no material change for the better in Europe until the United States realizes the impending danger of a financial and industrial collapse throughout the world and starts to play a part in the great game to save civilization from destruction by hordes of Soviets. England cannot carry all the weight of Europe. Our little responsibility in Mesopotamia is costing the country \$200,000,000 a year alone, which is a third of what the annual budget was before the war. France is not taxing her people at all. In England to have an income of \$25,000 a year, a man must earn \$100,000, and its purchasing power is only \$12,500, as compared with prices before the war.

What we need very urgently is some kind of an international clearing house to deal with the various moneys and establish credits upon some workable basis. Russia, Germany, Austria and other countries want to give orders for goods but they have no

money. They circulate paper in their own countries, but it is no good over the frontier. The condition of Germany is so serious that the owners of textile mills are selling their machinery to make a little money, because they are despairing of ever having raw materials to start them going again.



### Great Britain Reducing Debt

**M**R. CHAMBERLAIN, Chancellor of the Exchequer, replying to a question in the House of Commons, said that, following upon larger reductions already made, Great Britain has paid off since April about \$15,175,000 of Treasury bills in New York and that the British and French governments have announced their intention to pay at maturity in October the Anglo-French loan of \$500,000,000, of which Great Britain's share is \$250,000,000. Mr. Chamberlain further said that the amount of interest on the debt due the United States government accrued in the period from May, 1919, the date of the last payment, to June, 1920, is \$245,500,000, and the amount for the financial year 1919-20 about \$210,000,000.



### Prosperous Year for the British West Africa, Ltd.

**T**HE report of the Bank of British West Africa, Ltd. for the year ended March 31, 1920, shows another year of great prosperity and progress. The paid up capital has advanced from £580,000 to £800,000 and the reserve from £250,000 to £400,000. Current accounts and deposits show an increase of £5,321,092, while loans and advances have increased by £2,296,439, and the net profit for the year is up £41,380—an increase of nearly fifty per cent. over last year's figures. The carry forward has been increased from £22,680 to £30,377 and the dividend this year is at the rate of ten per cent.

per annum, as compared with eight per cent., and a bonus of one per cent. last year. At the extraordinary general meeting a resolution to increase the authorized capital of the bank from £2,000,000 to £4,000,000 was adopted. The bank's cash-in-hand, at bankers, branches and in transit was £2,951,334—an increase over the previous year of £1,283,770, and its investments have advanced by £2,485,607. New branches were opened at Bradford, England, at Bekwai and Dunkwa in the Gold Coast Colony, at Duala, Cameroons, and at Rabat, Morocco.

R. R. Appleby, the New York agent of the bank, has just returned to this country after a three months tour of Europe, which included visits to England, Holland, Germany, Belgium and France.



### Bank of New Zealand

**T**HE report of the directors of the Bank of New Zealand for the year ending March 31, shows net profit of £490,245 7s 4d, after providing for expenses of management, all bad and doubtful debts, donation to the Provident Fund and for a special bonus to the staff. Of this sum, plus £146,224 5s 9d balance brought forward from last year, the following disposition was made:

	s.	d.
Interest on guaranteed stock .....	£21,199	10 10
To bank premises and furniture .....	50,000	
Interim dividend of 6 per cent on preference and ordinary shares .....	105,000	
Dividends and bonuses to be paid .....	163,750	
Transfer to reserve fund.	150,000	
Leaving balance to be carried forward .....	146,520	2 3

During the year two new branches were opened, nine agencies changed to daily branches and seven new agencies established.

# Banking Service in the Far East

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## France

### Financial Condition of France

**I**NFORMATION furnished by the French Commission in the United States relative to financial conditions in France, is as follows:

Taxes paid into the French Treasury during April totaled 1,057,130,600 francs, an increase over budget estimates of 664,444,800 francs, or 59 per cent.

The increased returns are particularly marked as regards registration dues. The total of these taxes is 82 per cent. above budget estimates. This is noteworthy because no taxes demonstrate the business activity of the country more than these. When it is realized that the total tax returns for April 1920, are 186 per cent. greater than the returns for April, 1914, the fiscal effort which the French people are making to re-establish their finances on a pre-war basis is more clearly defined.

Because of their character, the "Bons de la Défense Nationale" (National Defense

Bonds) are rapidly becoming the favorite means for the French people to invest their savings. The ease with which they may be bought in spite of their comparatively small return, varying from 3.60 per cent. to 5 per cent., according to their due date, and the fact that they are negotiated with a minimum of inconvenience, are the main reasons for the favor which they find with French investors.

In 1915, the net product of the sale of National Defense Bonds reached 7,746,000,000 francs; in 1916, it rose to 9,284,000,000; in 1917, to 11,518,000,000; in 1918 to 15,856,000,000, and in 1919 it reached the surprising total of 24 billion francs. During the first three months of the present year, the monthly sale of these bonds has averaged even higher than in 1919.

Monsieur Paul Doumer in his exposé before the Senate on the new French budget, brought out the fact that as the budget totaled 21,000,000,000 francs, to be paid by a population of 38,000,000, the per capita taxation had risen to 550 francs. He compared this figure with the 560 francs per capita taxation of Great Britain. He pointed out that though the per capita taxation of the British subject was 10 francs higher than that of the Frenchman, when the greater resources of Great Britain, together with the fact that it had physically suffered very little through the war, were

considered, its effort was proportionally less than that of France.

He further pointed out that if the sum due by Germany to the Allied nations should be placed at 250,000,000,000 francs, in gold, bearing interest at the rate of 5 per cent. per annum, such interest would represent a charge of 12,500,000,000 francs per annum on the German Treasury. Should Germany, with a population of 68,000,000, raise her per capita taxation to 550 francs, the Germany Treasury would recover between 37,000,000,000 and 38,000,000,000 francs per annum. The charge of 12,500,000,000 francs against this total could hardly be considered excessive, when it was realized that physically, Germany's power of production was very slightly reduced during the war.



### A Respite in Exchange Crisis

**T**HE prospect of a wheat crop exceeding all the most optimistic forecasts, the possibility of an advance payment of French reparation claims by Germany, and the arrival of increased numbers of foreign tourists, have combined to give France a monetary respite in the exchange crisis through which she is passing, according to recent reports to the Guaranty Trust Company, New York, which stated in part:

The conversion of dollars and pounds sterling into francs by exchange operators, resulting from these factors, has placed considerable quantities of foreign currency at the command of France, and she is making the most of the condition by purchasing raw materials for the acceleration of production, wherein lies the foundation for the betterment of her exchange situation. The decided improvement in the condition of French exchange, noticeable since the middle of April, is attributed more to speculation than to the comparatively favorable commercial situation. But regardless of what has been the cause of the recent improvement, the continued increase of production with further restriction of imports, which are predicted for coming months, will serve to accentuate the steady revival of credit already reflected in exchange rates.



### Imports and Exports increase

**F**RENCH official statistics on imports and exports for the first six months of 1920, show the imports amounted to 15,629,000,000 francs, an

increase of 836,000,000 francs over the same period of 1919, while the exports were 7,780,000,000 francs, an increase of 5,096,000,000 francs.

## Italy

### Italy's Financial Condition

**T**HE depreciation of paper money has been officially admitted by the Italian government, in its regulation that customs dues, if paid in paper, shall be twice the normal tariff. The total note circulation of the three banks of issue and the Italian Treasury amounts to probably 18,000,000,000 lire of which about 12,000,000,000 lire is represented by advances to the state. Against this note liability the metallic reserve may be estimated as 1,900,000,000 lire. While recent figures on this matter are not obtainable, it is certain that the national debt of Italy amounts to at least 90,000,000,000 lire, of which some 20,000,000,000 lire are owed abroad, chiefly to the United States and England. The budgetary deficit is serious. For the year 1918-1919 the deficit was 23,000,000,000 lire, for 1919-1920 about 3,000,000,000 lire, for 1920-1921 it is estimated at 2,600,000,000 lire. and a condition of equilibrium between receipts and expenditures is not yet in sight.

The one remedy for the depreciated money is governmental solvency, and in order to achieve this, financial legislation of the most sweeping character has been adopted. The new schedule of taxes, in addition to the normal income tax and greatly increased indirect taxes, includes two very radical measures. The first is a retroactive tax on increases in wealth during the course of the war, and varies from 10 per cent. on small increases up to 80 per cent. on excessive war-profits. The second tax is a general capital levy. Fortunes up to 50,000 lire are exempt, and above that limit wealth is subject to taxation on a graduated scale ranging from 4 to 50 per cent. In

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the case of any man's wealth, if at least two-fifths of the total value lies in immobilier (fixed property) payments may be made in instalments over a period of twenty years; but if this is not the case, the period of payment is reduced to ten years.

In addition to these taxes, the latest loan, amounting to 21,000,000,000 lire, showed the people's hearty support and was of great assistance towards consolidating the enormous debt with short term maturity. The burden of Italy's foreign indebtedness, however, remains serious. Indemnities to be received from the defeated countries have been relied on to liquidate this indebtedness, and the government has put in a claim against the Central Powers for 60,000,000,000 lire. When it is remembered that in any case France will receive 52 per cent., of whatever payments may be made by Germany it is easy to see that this hope is unlikely of realization.

## Japan

### Economic Situation Explained

COMMENTING on the financial situation in Japan recently, Baron Takahashi, Minister of Finance of Japan and one of the best known financial authorities of that country, said:

The financial situation in Japan is in an unstable state at present owing to the reactionary stage of the post-bellum finances and economics which has brought about a tight money situation, heavy excess of imports and a depreciation of negotiable securities and general merchandise. But it is a matter for regret that the recent depression in financial circles led to exaggerated reports in the United States and European countries.

What course the trade situation of this country will take in future is difficult to guess but it is certain that our economic circles have just entered the post-bellum reactionary stage. The government has re-

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peatedly given warning about the coming change in the economic situation, but the public at large was dreaming of the continuation of prosperous times and the buoyant business which lasted long since the outbreak of the war and was not ready to realize the necessity of business curtailment and the contraction of credit transactions.

In the meantime, repeated panics have occurred in the stock market since about the middle of last April, causing a panicky slump in cotton yarn, cotton cloth, rice and silk markets, which were considerably disturbed. The financial circles have since then been placed in a state of depression and still remain more or less paralyzed. The government, leading bankers and financiers are doing their utmost for the relief of the disturbed financial and economic situation and at the same time are taxing their nerves to find proper measures for providing against any similar occurrence in the future.

The last financial depression has dealt a severe blow to our economic world. This must be admitted. But it did not go to the length of affecting the stability of our economic world or of checking its future development. The harm done to the economic interests will be healed in a not distant future. The blow will, I believe, prove a good and timely warning to our manufacturers and merchants to arouse them from the idle dreams of buoyant business of the past and

eventually serve to nip in the bud the unsound elements of our economic circles.

The future of our national industry calls for no pessimism. It is bound to attain more development. The present tight money should be regarded as a phenomenon reflecting the late financial depression and not as its cause which properly speaking, was brought about by the unsound and unhealthy business boom and unnatural growth of the speculative mania consequent upon the sudden increase of demands for goods and soaring prices.

To check the growth of speculative business the Bank of Japan twice increased its official rate of interest and discount last autumn by way of warning the financial circles, but many unsound elements of our business circles failed to appreciate the warnings of the authorities and continued to indulge in business projects of more or less speculative character.

I do not hesitate to say that both the government and the Bank of Japan have not the least idea of withdrawing the specie holdings in the American market on account of the recent financial depression because we respect the close monetary relations between this country and the United States.

My particular wish is that the United States will utilize her resourceful economic power to the best advantage for the post-bellum economic adjustment and contribute

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to the solidification and reorganization of the world's economics. Japan also wishes to do her best for these interests. I hope the governments and peoples of the United States and Japan will clearly understand the financial situations of their respective countries and come to realize the great importance of their coöperation, economically and otherwise, at this especially grave moment.



## Gold Shipments to Japan

**T**HE outflow of gold from the United States to Japan which amounted to about \$7,500,000 in the first ten days of July, was expected to continue until the total of the July engagement reached approximately \$11,500,000.

"Neither the Japanese government nor the Bank of Japan," said Akira Den, Japanese financial commissioner, "has any connection with this gold export, which is only the normal exchange operation of private banks. At present the total reserve held by the government of Japan and the Bank of Japan, consisting of gold reserve at home and current credit abroad, is 1,921,000,000 yen, or about \$1,000,000,000, and the capacity of the government to hold this credit is limited by the condition of the Treasury. The government does not buy up trade balances in New York from Japanese exchange banks, as it did in former times. The banks are consequently compelled to remit the balances to Japan, and chose gold export as the most businesslike course of remittance during a time when high exchange rates prevail. Therefore, there is no change

of gold policy on the part of the Japanese government and the Bank of Japan."

## Latin America

### U. S. May Supplant German Trade

**T**HE United States, with many new commercial facilities growing out of the part played by this country in the war, may supplant Germany permanently in serving the South American trade. Before the war the United States was forging ahead as one of the principal countries serving the Latin-American markets, despite the lack of merchant tonnage and other facilities supplied by foreign commercial interests. These facilities are now available and a greater flow of commodities between the United States and the southern countries is a probable result.

William C. Wells, South American trade expert of the Pan-American Union, is quoted as follows in the New York Journal of Commerce:

The chief German industries and the ones for which she showed the greatest aptitude were chemicals, steel and iron, and cotton and flax textiles. Latin America produces little raw material of consequence to supply these industries, and Germany needed little Latin-American foodstuffs except coffee and cacao. In the leather industry Germany was far behind England and both added

together were behind the United States. The disproportion in favor of the United States was even greater in the rubber industry. There were at least six states in the United States, any one of which consumed more rubber manufactures than the whole German Empire manufactured, both for domestic consumption and for export. Britons, less in number than Germans, were in practically every line of activity. Yet there was no greater identity of purpose nor vicarious association between the British bankers, traders and farmers in Latin America than between the same classes in England. Each in business was for himself. It was the same with French, Italian, Spanish, Portuguese and Americans.

Before the war the United States was crowding Germany in detail from the Latin American market. In 1913 Latin America bought \$3 worth of goods from the United States for every \$2 it bought of Germany. However, German and English shipping, banks and traders handled the American products on this market to such an extent that it was difficult, without burrowing under the surface, to ascertain the true facts with regard to the relative importance of American trade in that field.



### Peruvian Bank in New Quarters

**R**ECENTLY the Banco Mercantil Americano del Peru at Lima, the Peruvian affiliate of the Mercantile Bank of the Americas, moved into its new enlarged quarters which have been under construction for some time.

The occasion was an important one as numerous invitations had been sent to the most prominent families of Lima. The benediction of the offices of the bank was solemnized by the Archbishop of Lima. The fiesta or celebration which began immediately after the inaugural ceremonies prolonged itself late into the evening and was generally acclaimed by the participants as one of the best affairs of its kind ever held in Lima.

The surprising increase in business of this bank which was the first bank financed by American capital to open offices in Peru, is shown by a comparison of its balances as of December 31, 1916, and March 31, 1920. The former balance sheet showed a total resources of £p405,591.6.61 and the latter £p5,021,484.4.69.

Shortly after the office in Lima was opened it was realized that in order to give adequate banking facilities throughout the republic it would be necessary to open branches outside of that city. The first office to be opened was in Callao as it is the most important port of Peru and needed special facilities to



New Building of Banco Mercantil Americano del Peru at Lima

take care of its trade. Shortly thereafter an office was opened at Arequipa to assist in financing the mineral and woolen business of that city. Northern Peru was taken into consideration and offices in Chiclayo and Trujillo were opened. Finally the branch at Piura opened its doors to the public. Piura is in the center of an important sugar growing section.



# FRENCH AMERICAN BANKING CORPORATION

Capital and Surplus, \$2,500,000—Fully Paid Up

**WE OFFER** our facilities for general foreign and international banking business in all its ramifications, with special facilities in connection with France and the French Colonies and Dependencies.

A Foreign Trade Department organized on the lines of practical merchant banking is maintained at the service of manufacturers, importers and exporters.

Cedar and William Sts., New York City

## One Bank of Issue for Mexico

**DECISION** has been reached to re-establish the former National Bank of Mexico as the sole bank empowered to issue notes, according to an announcement made by provisional President de la Huerta. The capital of the bank will be fixed at 50,000,000 pesos but it will be authorized to issue notes amounting to 150,000,000 pesos. Negotiations for financing the project are expected to be opened in the United States by a representative of the government. Banks which have in the past been authorized to issue notes will be required to redeem their paper within eight years and may receive aid from bond issues. General Alvarado, Mexican minister of finance, will visit the United States shortly to aid in his study of the Mexican economic problem. It is denied that he will seek a loan.

## Spain

### An Industrial Credit Bank

**A** ROYAL decree has been gazetted in Spain conceding the right to form an industrial credit bank to representatives of 117 banks and financial concerns, the object being to assist struggling Spanish industries and the development of new ones. The government intends in certain cases to exempt for a period some lines of business from national taxation of profits and from stamp duties connected with the formation of new companies. Exemption will also be given from the payment of import duties on articles which cannot be obtained in Spain and which are indispensable for the development of such concerns.



## Our Own Branches MOROCCO—EGYPT

**W**E maintain our own completely equipped branches in Morocco and Egypt. Strategically located in Alexandria, Cairo, Tangiers, and other important cities, they are in close touch with trade and industry. Direct connections with Tunis and Algeria.

*The New York Agency will gladly supply  
further information*

## Bank of British West Africa

Head Office, London

**New York Office—100 Beaver Street.**

R. R. Appleby and Rowland Smith, Agents

*Subscribed Capital \$10,000,000*

*Paid Up \$4,000,000*

*Surplus and Undivided Profits \$2,000,000*

# NATIONAL BANK OF CUBA

(BANCO NACIONAL DE CUBA)

## HEAD OFFICE, HAVANA

W. A. MERCHANT, President  
JOSE LOPEZ RODRIGUEZ—M. ESCOBAR—V. VIDAL—Vice-Presidents  
C. M. SOTOLONGO, Cashier

Capital, Reserve and Undivided Profits - \$15,447,220.18  
Assets in Cuba - - - - \$238,809,410.20

125 Branches and Agencies on the Island  
2 " in Spain (Madrid-Barcelona)

Member American Bankers Association

**Sole Depository and Fiscal Agent of the Government of Cuba**

Offers to Bankers and Merchants throughout the world,  
unsurpassed service for facilitating trade with the  
rapidly growing markets of Cuba.

ASSOCIATE BANK IN NEW YORK  
**BANK OF CUBA IN NEW YORK**  
34 WALL STREET

### The Barcelona Fair

CONSIDERABLE attention is being directed in Spain to the Barcelona Fair, which will take place in that city from May 15 to 30, 1921, and which in a very practical way will show the industrial and commercial vitality and growth of Spain.

According to information just received by the Mercantile Bank of the Americas from its branch in Barcelona, active efforts will be made to secure as many American exhibitors as possible. The success of the fair is practically assured due to the hearty co-operation which it has received from the various Chambers of Commerce, from the patronage of his Majesty, King Alfonso XIII and from many of the most influential persons in Spanish life.

The classification of the lines which will be exhibited in the fair are as follows: Agriculture, floriculture, cultivation of trees, forestry, game and grain products, also fishery, foodstuffs, medicine, surgery, hygiene, chemical indus-

try in general, mines, metallurgy, mechanical products in general, literature, arts, sciences, engineering, transportation, touring, electricity, sports, construction, decoration, weaving material, textile industry, dress and fashion, fine arts and industries pertaining to such, diverse industries such as paper, cutlery, gold, silver, jewelry, watches, leather goods, hardware, brushes, leather ornaments, toys, rubber goods, etc., miscellaneous industries and manufactures not mentioned heretofore.

## Cuba

### Economic Conditions in Cuba

By J. N. O'CONNOR

IN considering the present economic condition in Cuba, the word "prosperity" is the first to suggest itself. This, happily, is not a new phase of



J. N. O'CONNOR

The contributor of the monthly letter on economic conditions in Cuba, is a gentleman of nearly twenty years' residence in that country, during which time he has been connected with some of the most important banking institutions in Havana. He has devoted considerable study to the foreign banking and commercial activities and possibilities of the Republic of Cuba, and to the local conditions which govern and influence its economic life and progress. Mr. O'Connor is at present connected with the Banco Nacional de Comercio, Cuba and O'Reilly Streets, Havana, Cuba.

the situation in Cuba, as the country has been progressively prosperous ever since the American intervention in the years 1898-1902; and the stability of its banking institutions, the general high credit standing and reliability of its commercial classes and the producing potentiality of its agriculture have since then continued to constitute the stable foundation of its present phenomenal economic situation.

It must be borne in mind that although the plethoric increase in the material wealth of the country since the outbreak of the war in 1914 is largely the result of a fortuitous combination of circumstances, which have been fully taken advantage of by the foresight, ability and energy of the financial, commercial and agricultural interests, the conditions prevailing at present are fundamentally due to exactly the same underlying causes to which are attributable the progressive prosperity which the Republic enjoyed from the time of its establishment up to that period. Whilst this consideration would seem at first sight to imply a disparagement

of the present extraordinary prosperity of Cuba as prima facie evidence upon which to base a judgment for the future, a more mature deliberation will lead to the conclusion that the great impetus given to agriculture and commerce, and the material wealth accrued on account of the abnormal price obtained for sugar during the last few years, form an added increment to the favorable fundamental basis previously existing, and will contribute to the continuity of the economic development of the Republic, on possibly a slower, but not less stable, ratio of progression, even after the cessation of the abnormal circumstances which have of recent years been so advantageous to the country.

The increase of available financial resources within the last few years has naturally been reflected to a certain extent in an increased demand for luxuries, accompanied by somewhat lavish expenditure; but by far the greater part of the surplus has been re-invested in the preparation of increased acreage for the cultivation of sugar cane, in more extensive plantings, in new and improved sugar machinery, in new industrial enterprises and in other ways which will trend to the increase of the producing and earning capacity of the nation. A satisfactory factor to be taken into consideration is that the recent economic development in Cuba bears the hall mark of "production."

A serious handicap to the activities of the country is the shortage of labor, which is a chronic condition in Cuba. The deficiency, however, has been less severely felt in the country districts than in the centers of population, as the phenomenally high price of sugar enabled the planters and grinders to pay high rate of wages.

Labor unrest, strikes and threatened strikes have exercised an untoward influence. Dissensions between capital and labor, causing a suspension or partial suspension of work, combined with the fact that the available storage facilities are altogether inadequate to handle the present large volume of export and import trade, has resulted in a congestion of shipping and freight in all the principal ports of the island

# THE FIRST NATIONAL BANK of Boston

Capital, Surplus and Profits  
**\$37,500,000**

Deposits  
**\$185,000,000**

Resources  
**\$265,000,000**

*Make it your New England correspondent*

which is causing great concern to the commercial and agricultural interests.

The general outlook for the future is favorable, and indications point to a continuance of the state of general well-being at present existing.



## Record Prices of Cuban Crops

**C**UBA'S main products are sugar and tobacco. Of the former this country now produces each year almost one-quarter of the world's supply, the Cuban crop increasing from an average of about 1,700,000 tons for the years 1903-1913, to 4,000,000 tons in 1918-1919. The production during the sugar year now ending will be below this latter figure on account of unfavorable weather conditions. High prices for raw sugar will make the value of this sugar about \$700,000,000, an unprecedented figure. Cuban tobacco is of high quality and the crop this year will realize approximately \$65,000,000.

## National Bank of Cuba

**T**HE NATIONAL BANK OF CUBA, which has over 140 branches and agencies in Cuba, shows in its statement of June 30, total resources of \$238,809,410.20, and deposits of \$194,506,647.56. The complete statement follows:

ASSETS	
Cash:	
In Vaults . . . . .	\$40,675,390.31
Due from Banks and Bankers	31,307,945.74
Remittances in Transit . . . . .	18,992,290.68
	\$90,975,626.73
Bonds and Stocks:	
Government	
Bonds . . . . .	\$3,142,173.50
City of Havana	
Bonds . . . . .	462,315.74
Other Bonds . . . . .	357,814.01
Stocks . . . . .	123,403.28
	4,081,706.53
Loans, Discounts, Time Bills, etc. . . . .	
Bank Buildings and Real Estate	113,902,091.27
Sundry Accounts . . . . .	2,093,919.70
Customers' Liabilities . . . . .	392,374.13
Securities on Deposit . . . . .	6,959,986.94
	20,403,704.90
Total . . . . .	\$238,809,410.20

## LIABILITIES

Capital .....	\$5,000,000.00
Surplus .....	9,000,000.00
*Undivided Profits .....	1,447,220.18
	\$15,447,220.18
Deposits (Securities) .....	20,403,704.90
Due to Banks and Bankers....	1,381,850.62
Pension Fund for Employees..	110,000.00
Acceptances and Letters of Credit .....	6,959,986.94
Deposits .....	194,506,647.56
	\$238,809,410.20

\*Deduct \$300,000.00 for the semi-annual dividend of 6 per cent., payable July 1, 1920.

The National Bank of Cuba is the sole depository and fiscal agent of the Government of Cuba. Associated with the National Bank of Cuba is the Bank of Cuba in New York, which is organized under New York State banking laws. W. A. Merchant is president of both institutions but make his headquarters in Havana. John T. Monahan is executive vice-president of the New York affiliation and takes active charge of the New York business of both banks.

## Central Europe

### Financial Situation in Hungary

**H**UNGARY is beginning to restore the state finances and improve the currency, according to advices from Budapest. A levy on capital is expected to be made to help meet the enormous deficit which cannot be paid by the highest possible taxation. England, France and Italy are competing for business in Hungary. Italians have founded the "Foresta," which succeeded to the Hungarian Timber Bank Company in the forest business on the detached territories of the late Hungary. An Italian financial syndicate has also founded the Hungarian-Italian Bank. The English have financed the British Hungarian Bank and the Anglo-Danubian Association, Limited, while the Credit Lyonnais has bought the shares of the Hungarian Credit Bank. Hungarian business, heretofore largely free from foreign influences, will be carried on in future to a great extent by such interests.

### Americans Into Austrian Bank

**K**UHN, LOEB & CO. and the Guaranty Trust Company have acquired a substantial interest in the Austrian Creditanstalt, of Vienna, the leading industrial and commercial bank in the states which formerly comprised the Austro-Hungarian Empire. A report from Vienna is to the effect that the interest of the two American banking firms amounts to 40,000,000 crowns. This was not confirmed. The American banks are to be represented on the board of directors of the Austrian bank.

The purchase of this stock is expected to result in greater trade activities between the United States and Southeastern Europe. It is known that there have been many applications by American exporters for financial accommodation on consignments of goods destined for that part of the continent, but much of this business has been incapable of materialization because of the lack of banking facilities.

In commenting on the purchase, the Vienna correspondent of the Manchester Guardian wrote in part:

The most important feature of this participation of American capital in Austrian banking is the creation of a constant link between America and Austria. This link goes through Germany, because Mr. Warburg has already established a working base in Hamburg. Both the Hamburg and Viennese organizations purpose financing overseas traffic, especially the imports of raw materials, which are to be paid for by a percentage of Austria's production of manufactured goods.



### Trade Opportunity in Greece

**A**MERICAN business men are throwing away unparalleled opportunities for the development of our world trade by recklessness in handling new customers who have been forced to buy in our markets because of war conditions, according to Theodore S. Pallas, assistant manager of the foreign department of the Great Lakes Trust Company, upon his return to Chicago after spending five months in the making

# National Bank of Commerce in New York

ESTABLISHED 1839

## STATEMENT OF CONDITION

JUNE 30, 1920

Resources		Liabilities	
Loans and Discounts.....	\$310,802,658.54	Capital Paid up.....	<b>\$25,000,000.00</b>
U. S. Certificates of Indebtedness.....	1,534,939.35	Surplus.....	<b>25,000,000.00</b>
Other Bonds and Securities.....	16,030,123.21	Undivided Profits.....	6,533,152.05
U. S. Bonds Borrowed.....	6,000,000.00	Deposits.....	370,448,229.32
Stock, Federal Reserve Bank.....	1,500,000.00	U. S. Bonds Borrowed.....	6,000,000.00
Banking House.....	4,000,000.00	Rediscounts with Federal Reserve Bank.....	29,926,150.00
Cash, Exchanges and due from Federal Reserve Bank.....	127,405,975.91	Reserved for Taxes, etc.....	3,390,674.03
Due from Banks and Bankers.....	6,824,708.06	Dividend Payable July 1, 1920.....	750,000.00
Interest Accrued.....	859,082.48	Unearned Discount.....	2,520,143.01
Customers' Liability under Letters of Credit and Acceptances.....	77,785,344.94	Letters of Credit and Acceptances.....	81,865,635.03
	<b>\$552,743,132.49</b>	Other Liabilities.....	1,311,149.05
			<b>\$552,743,132.49</b>



of a survey of business conditions in Greece.

Those who have not studied the situation have no comprehension of the wonderful trade opportunities which Greece offers to us today nor of the manner in which that opportunity is being abused by profiteering commission men. Greece is in splendid condition; the banks are strong, individuals are rich and trading firms are prosperous. The Greeks have cash with which to pay their bills and circumstances force them to buy of us, yet New York commission men who have handled the bulk of our shipments to Greece since the early war days have treated Greek customers so shabbily and robbed them so shamelessly that we face the possibility of losing this business as soon as the Greeks can find someone else to supply their wants. In the seven years prior to 1913, the United States furnished but 3 per cent. of the imports of Greece. In 1916 this country furnished 59 per cent. of Greek imports and until the foreign exchange situation began hampering trade so seriously six months ago, the United States was shipping 90 per cent. of all the foreign merchandise received in Greece outside of textiles bought in England.

## Germany

### The Financial Situation

**A**N official report to the British government analyzing the German financial situation, enumerates the following as causes of the depressed money conditions existing since the end of the war:

The destruction of German credit owing to loss of the war and to subsequent political unrest.

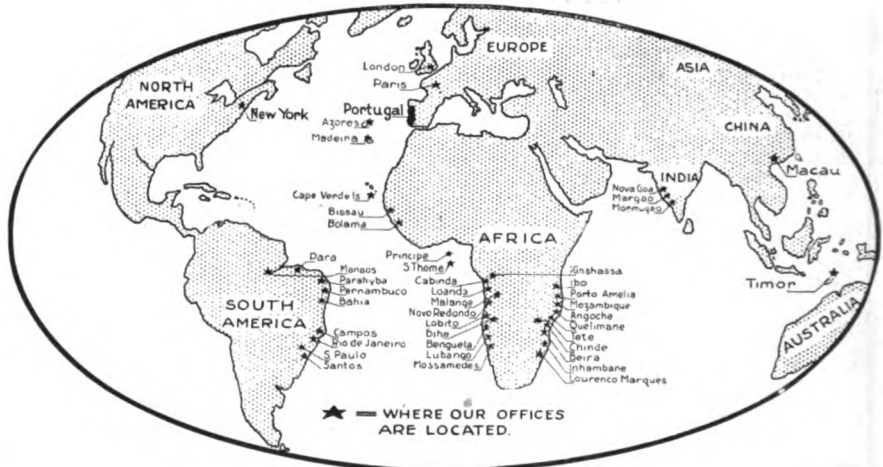
Germany's inability, owing to the absence of raw material and fuel to manufacture goods and to re-establish her trade balance by export.

The inflation of currency in order to meet ever-increasing expenditure for which there is no adequate revenue.

The uncertainty as to Germany's financial obligations that may arise out of the peace treaty.

The open frontier in the West through

# Our New Agency in New York



## THE STATE BANK OF THE PORTUGUESE COLONIES

**Paid-Up Capital . Esc. 24,000,000 = \$25,894,080.00**  
**Reserve Funds . Esc. 24,000,000 = \$25,894,080.00**  
 [At par of exchange]

**T**HE BANCO NACIONAL ULTRAMARINO announces the opening of its New York Agency in the Singer Building, 93 Liberty Street, near Broadway. This agency makes readily available to American merchants, manufacturers and bankers the exceptionally broad facilities of a semi-governmental institution established for more than half a century, with total resources of more than \$1,159,000,000 (at par of exchange) and maintaining 70 branch offices in Portugal, Brazil, East and West Africa, India, the Far East, London and Paris.

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# BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty Street

Joseph McCurrach, Agent

Head Office: Lisbon, Portugal



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Paris Branch: 16 Rue Halevy.

Antwerp Branch: 22 Place de Meir

Lisbon Branch: 32 Rua Aurea

	(\$5=£1.)
<b>CAPITAL (Authorized)</b> - - - -	<b>\$20,000,000</b>
<b>SUBSCRIBED CAPITAL</b> - - - -	<b>15,000,000</b>
<b>PAID-UP CAPITAL</b> - - - -	<b>10,200,000</b>
<b>RESERVE FUND</b> - - - -	<b>10,500,000</b>

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**BRAZIL:**—Para. Macelo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. **URUGUAY:**—Montevideo, Montevideo. Sub-Agency, Paysandu and Salto.

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Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.

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which unnecessary goods are said to have entered and marks to have left the country.

Further financial troubles are in store for Germany as a consequence of the new tax laws designed to meet the increased expenses of the country, according to the report, which says:

The majority of Germans including bankers believe that the levy on capital and the higher rates of the income tax will meet with insuperable difficulties of collection, owing to the unsettling effect they are bound to produce on industrial and private life, and that they will have to be considerably modified, thus making the present estimates based on them illusory.

The statement is made in the report that the demands made upon Germany by the peace treaty can be satisfied only by the fruits of German labor. And yet the low exchange rates prevent her from purchasing food and raw materials and without these she cannot manufacture for export and improve her exchange. Measures recommended in the report for relief were:

Consolidation of German money abroad, estimated at 7,000,000 marks.

Taxation to reduce the inflation of currency.

The granting to Germany of long credits.

## Switzerland

### Loan Subscribed in Two Days

THE \$25,000,000 bond issue for the Government of Switzerland which was offered to the public in this country last month was fully subscribed as quickly as was the Belgian loan. Bankers, despite the interest rate of 8 per cent. were surprised when it was announced at the end of two days that the issue was taken. Conditions for foreign financing as a result are regarded as more favorable than had been believed to be the case.

The possibility of a French loan in



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COLOMBIA

Bogotá Barranquilla  
Cartagena Medellín  
Cali Girardot Manizales  
Honda Armenia  
Bucaramanga Cúcuta

#### PERU

BANCO MERCANTIL  
AMERICANO DEL  
PERU

Lima Arequipa Chiclayo  
Callao Piura Trujillo

#### VENEZUELA

BANCO MERCANTIL  
AMERICANO DE  
CARACAS

Caracas La Guayra  
Maracaibo Puerto Cabello

#### BRAZIL

AMERICAN MERCANTILE  
BANK OF BRAZIL  
Pará Pernambuco

#### NICARAGUA

NATIONAL BANK OF  
NICARAGUA

Managua Bluefields  
León Granada

#### CUBA

BANCO MERCANTIL  
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CUBA

Havana Ciego de Avila

#### COSTA RICA

BANCO MERCANTIL  
DE COSTA RICA  
San José

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BANCO ATLANTIDA  
La Ceiba Tegucigalpa  
San Pedro Sula  
Puerto Cortéz  
Tela

# Spain

*American interests in Spain are served by branches of the Mercantile Bank of the Americas in Madrid and Barcelona.*

Latin American Commerce with Spain has been built on foundations which have endured for centuries. Realizing the importance of this commerce to the countries served by its affiliates, the Mercantile Bank of the Americas established banking connections in Spain. Branch offices were opened first in Barcelona and later in Madrid. From their inception they have greatly facilitated closer financial and commercial relations between Spain and Hispano-America.

As the Barcelona office was the first branch of an American bank to be established in Spain, it immediately assumed an important role in financing trade between the United States and that country. The United States Government realized the importance of this connection and appointed the Mercantile Bank of the Americas its Depository in Spain.

American business with Spain is becoming increasingly important. The financing of this business needs an American banking connection which has relationship with both Spain and Latin America. The Mercantile Bank of the Americas fulfills this need.

*Our booklet will be sent on request*

## MERCANTILE BANK OF THE AMERICAS

*An American Bank for Foreign Trade*  
44 PINE STREET, NEW YORK

# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital . . . . .	(\$5=£) <b>\$12,500,000</b>
Paid-up Capital . . . . .	<b>3,750,000</b>
Reserve Capital . . . . .	<b>3,750,000</b>
Subscribed Capital . . . . .	<b>7,500,000</b>
Reserves . . . . .	<b>2,825,000</b>
Surplus over Liabilities . . . . .	<b>10,325,000</b>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

the fall is being discussed. In this connection it may be noted that Switzerland and Belgium rank among the most favored nations in the American market and that even they had to pay high for accommodations.

The proceeds of the Swiss loan will be expended in this country as part of a program for the gradual electrification of the government railway system of Switzerland. The issue is for twenty years and may be redeemed in the open market at 105 and accrued interest.



## Revision of Monetary Convention

**T**HE Monetary Convention of the Latin Union which was established in 1885, has recently been revised by conferences held at Berne, Switzerland. Rather sweeping changes suggested by the Swiss delegation were voted down.

The revised convention provides that the French and Swiss governments shall each withdraw from circulation on their respective territories all silver coins of the other country of the values of 2 francs 1 franc and 50 and 20 centimes; that such coins are to be no longer received in public payment when three months have elapsed from the entry into force of the convention; that the coins so withdrawn are to be put at the disposal of the state of their origin.

Switzerland is to have the right of increasing the contingent of small silver coin per head of its population from 16 to 28 francs and may reserve the quantity of French coin she judges indispensable for her own needs from the amount by which the French coin in Switzerland exceeds the amount of Swiss coin in France. So long as each country refuses to accept the coin of the other in public payment each country may also interdict the importation of the other's coin.

The governments of the contracting

countries also agree to take measures to prevent the clandestine melting-up of coin emanating from countries belonging to the union. The convention also provides that Belgium may issue certain coins for exclusive use in the Congo.

## Canada

### The General Situation

**T**HE financing of the crop, particularly Western wheat, is commanding the attention of the banking community. The banks have for some time been concentrating their resources to this end and there is no doubt of their ability to meet the demands upon them—"we have to meet them," as the head of one of the big banks puts it—but with credit still in a state of inflation throughout the leading commercial nations, and a tendency towards readjustment noted in many prices of commodities and particularly in relation to wheat itself, there arises the question as to what extent loans for trade and commerce will have to be curtailed.

As long ago as April, the Canadian Bankers Association adopted a policy of curtailment of commercial credits for all but essentially productive loans. This followed an expansion of \$65,000,000 in current loans by Canadian banks in the month of March alone. The rate of expansion was markedly checked during April and May, as indicated by the bank returns, but during June there was an increase of \$16,000,000, reflecting increased demands for commercial, industrial and agricultural purposes.

The policy of the banks is to check speculation in the carrying trades and to encourage production to the fullest possible limits, this in recognition of the fact that the present situation is one of relative shortage of goods and commodities which can best be adjusted by maintained or increased production with curtailed consumption; this would result from closer terms by the banks

to wholesalers which would be reflected through the trades down to the consumer. However, the impossibility of going as far in this direction as would seem desirable for the good of the general financial and business situation has been found in the partial demoralization of transportation service which in Canada is almost as serious as it is in the United States.

The fact that the inability of the railroads to keep pace with trade and commerce in the movement of goods so soon reflects upon the general business situation through the clogging of financial facilities as well as in the actual holding up of supplies is a remarkable indication of the importance of transportation efficiency. This is a point which must be considered in relation to the whole question of the treatment of the railroads in regard to rates and other matters both in Canada and the United States. In this country the fact that the Grand Trunk and Canadian Northern are now being consolidated into one big government-owned system in competition with the C P R, puts an interesting complication on the whole matter, especially when it is considered that the government roads lost millions last year and the C P R continued to make fair profits. The question naturally arises as to whether equal advances should be allowed and politicians discuss means of taxation so that the benefits given to the public system can be kept from that in private hands. From the standpoint of trade and commerce the first consideration is efficient service and a willingness is being shown by those directly affected to pay rates necessary to provide such service. Any discrimination, it is argued from this standpoint, would mean reducing the efficiency of the C P R to that of the government roads rather than the improvement of the former to the high standard of the latter.

Under such conditions, therefore, the banks are watching the situation closely and are advising customers generally to reduce their obligations to the lowest possible basis without interfering with production but they have to face the



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Is prepared to render exceptional service  
in exceptional times

RESOURCES OVER \$42,000,000

JOHN A. LYNCH. . . . .	President	LOUIS J. MEAHL. . . . .	Asst. Cashier
WM. T. FENTON, . . . . .	1st Vice-Pres. and Manager	WM. C. FREEMAN. . . . .	Asst. Cashier
ROBT. M. McKINNEY, . . . . .	2nd Vice-Pres.	CHAS. S. MACFERRAN. . . . .	Asst. Cashier
WATKIN W. KNEATH, . . . . .	3rd Vice-Pres.	WALTER L. JOHNSON. . . . .	Asst. Cashier
OSCAR H. SWAN, . . . . .	Cashier	THOS. H. O'CONNOR. . . . .	Asst. Cashier
THOMAS D. ALLIN. . . . .	Asst. Cashier	HAROLD M. MICHAELSON. . . . .	Asst. Cashier

BOND DEPARTMENT in charge of . . . . . Watkin W. Kneath, 3rd Vice-Pres.

FOREIGN EXCHANGE DEPARTMENT in charge of . . . . . A. O. Wilcox, Manager

DEPARTMENT OF ANALYSIS AND STATISTICS in charge of . . . . . J. S. Baley, Manager

problem that with the delays in transportation the financial requirements throughout the carrying trade are greatly increased by the necessity for financing larger stocks in order to keep up to current trade requirements. Then again there are the larger requirements of the manufacturers for the same reason. In the lumber trade for instance it is almost impossible to secure cars for shipment. This affects the mills and the attendant trades. Loans in this and similar lines are not being met on schedule on account of the impossibility of making deliveries and unlooked for renewals have to be made.

The extended credit position as reflected by current loans in the bank statement is not only indicated by the increase of \$16,000,000 in current loans during June but also by the fact that at the end of that month the total for such loans amounted to \$1,365,000,000 out of gross assets of \$3,000,000,000, the increase of loans during the year was \$321,000,000. This increase was made possible largely as the result of

savings deposits which were \$104,000,000 higher than that of a year before at \$1,243,000,000—but considerably below the total of current credits. At the same time there was an increase in foreign savings deposits of \$120,000,000 to a total of \$360,000,000. It will thus be seen that the foreign activities of the Canadian banks during the year—and these activities have been a marked development—have resulted in a large increase in available funds, a fact which is particularly emphasized when it is pointed out that of the \$360,000,000 on deposit for foreign account only \$184,000,000 has been extended on loans. It is indicated that about \$50,000,000 of increased foreign deposits during the year have been made available to Canadian borrowers.

Altered conditions as regards national finance are indicated by the fact that whereas a year ago the advances on treasury notes by the banks totalled about \$100,000,000 during the month, there was a slight reduction during June of this year, and at the same time

## ***Our Service to Banks and Bankers***

**COLLECTIONS:** A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

**LETTERS OF CREDIT:** Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

**TRAVELERS AND REPRESENTATIVES:** When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

**CREDIT INFORMATION:** Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

*We Cordially Invite Your Correspondence*



**Foreign Department**

**Head Office, Havana, Cuba**

the banks were able to reduce their obligations to the government by \$32,000,000. The holdings of dominion and provincial government securities now amount to \$117,500,000, while bank obligations to the government are \$184,000,000.

Commencing on the first of August the Canadian banks began to pour a stream of new money into Western Canada which was estimated to amount to around \$40,000,000. In addition about \$2,500,000 was distributed in Ontario. This represented the returns to wheat growers under the participation certificates of the Wheat Board, that is in addition to the fixed price paid by the government on the delivery of the wheat. The distribution was 30 cents per bushel and it is anticipated that there will be an additional 10 cents per bushel when the situation is finally cleared up.

The banks handled this distribution most expeditiously through the operation of endorsing payment on the certificates after presentation. It was another case in which the advantage of the branch bank system over the great sparsely settled area of Western Canada was proven.

Out of a marketable crop of some 160,000,000 bushels of wheat in Western Canada it is estimated that about 140,000,000 bushels were handled by the Wheat Board, which gives an indication of the extent to which the Western Canadian farmer is able to market his yield and the necessity of the banks for being able to supply large funds to get the crop to market following the harvest season. However, if fair transportation service can be secured the financial difficulties are not very great because the security is very satisfactory and ready marketability assured. The only thing to be feared is a break in the market which may cause farmers to hold their stocks and to make a demand on the government for a resumption of control of the wheat market—a course which is permitted under existing legislation but which is not proposed by the government so long as other na-

tions permit the natural operation of the laws of supply and demand.

The influence of Canadian banking and finance in the United States is further evident since it became known that the Canadian Bank of Commerce is one of a group of influential banking institutions associated in the organization of the First Federal Foreign Banking Association under the Edge law.

This latest international affiliation upon the part of Canadian bankers is of the utmost significance. Every month seems to bring an important announcement indicating the further extension of Canadian banking activities abroad; so much so that bankers themselves have rather ceased to marvel at the seeming aggressiveness displayed by their fellows. It was not so at all before the war. But Canada's greatly extended industrial fabric developed with the vast requirements of the war has brought about the need for continually developing banking facilities.

It is patent that the bankers are alive to the necessities for further credit extensions as Canada expands her business into foreign markets.



### Aird Vice-President

AT a meeting of the board of directors of the Canadian Bank of Commerce the general manager, Sir John Aird, was elected vice-president and general manager, and Rt. Hon. Sir Thomas White, K.C.M.G., was also elected vice-president. Sir Alexander Mackenzie, K.B.E., of Rio de Janeiro, president of the Brazilian Traction Light and Power Company, Limited, was elected a director.



### Great West Bank

THE following have been elected provisional directors of the new Great West Bank: Ald. L. K. McInnis, millionaire farmer and financier, chairman;

Ex-Mayor Henry Black, secretary; D. W. A. Thomson, Geo. Speer, undertaker, Hugh Armour, meat packer; J. A. Sheppard, A. Del Garno and F. S. Wilbur. McInnis, Black, Thomson, Speer and Armour are Regina men. Application has been made to the local government board for authorization to dispose of a capital stock of \$5,000,000. It is planned to have the new bank commence business this year.



### The Home Bank of Canada

THE fifteenth annual report of the board of directors of The Home Bank of Canada, Toronto, to the shareholders June 29, shows the net profits for the year ending May 31, after making provision for bad and doubtful debts, rebate of interest on unmatured bills under discount, cost of management, etc., to have been \$268,894.95. This, added to \$158,348.98 brought forward from last year, together with premium received on stock \$3,787.92, makes a total sum of \$431,031.85, apportioned as follows:

Four quarterly dividends at the rate of 6% per annum.....	\$117,236.89
Government War Tax on Note Circulation .....	19,535.36
Reserved for Dominion Government Income War Tax.....	5,510.61
Reserved for adjustment of exchange rates on British and Foreign balances, and securities .....	25,000.00
Written off Bank Premises Account .....	15,000.00
Donations to Patriotic and other Funds .....	1,875.00
Transferred to Reserve Fund...	100,000.00
Balance carried forward.....	146,873.99

\$431,031.85

During the year six branches and three sub-branches were opened in Ontario, two branches and one sub-branch in Manitoba and two sub-branches in Saskatchewan. The dividend rate on September 1 last was raised from 5 to 6 per cent.

### Bank of Hamilton Bonus

FOLLOWING closely upon the recent action of the Bank of Hamilton in presenting each member of its staff of more than one year's service with a Life Insurance Policy, paid for by the bank, under the Group Insurance Plan, it is announced that a bonus to the shareholders of one-half of one per cent. has been declared to be paid on the 1st September next, this being in addition to the regular quarterly dividend of three per cent., also payable on that date.

## Scandinavia

### A Successful Banking Year

THE analysis of the 1919 reports of the leading Scandinavian banks indicates that a majority had a very successful year. The Stockholms Enskilda Bank increased its surplus from kr. 8,842,804 to kr. 11,180,760, its time and savings deposits from kr. 145,602,051 to kr. 158,942,562 and its demand deposits and current accounts from kr. 147,587,242 to kr. 183,720,092. The Privatbanken i Kjobenhavns increased its surplus from kr. 9,775,000 to kr. 11,924,000, and its demand deposits and current accounts from kr. 475,645,000 to kr. 503,325,000. In 1918 this bank raised its dividend from 10 per cent. to 12 per cent. and the latter rate was continued in 1919. Its capital stock is now kr. 60,000,000.



### Copenhagen Bank Expands

THE Kjobenhavns Handelsbank of Copenhagen, Denmark, last year raised its share capital from 40,000,000 to 50,000,000 kronen, its reserves from 17,000,000 to 25,000,000 kronen and its surplus from about 14,000,000 to 16,-



# The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.



BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.

Capital fully paid-up . . . . . (\$0.50 = 1 peso) 6,750,000.00

Reserve Funds . . . . . 4,250,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

## AGENTS

London: Nat'l Bank of Scotland, Ltd.  
Spain: Banco Hispano Americano  
Hongkong: Netherland India Com'l Bank  
San Francisco: Wells Fargo Nevada Nat'l Bank  
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte  
Australia: Bank of New South Wales  
Shanghai: Bank of Canton, Ltd.  
Chicago: Continental & Commercial Nat'l Bank  
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

408,000. Its dividend in 1919 was 12 per cent. In the last three years the share capital and reserves of this institution have increased from 58,700,000 to 75,000,000 kronen.



## Cautious Swedish Credit Policy

THE Riksbanken (National Bank of Sweden) recently issued a statement to all banks which use that institution for rediscount recommending that greater caution be exercised in granting credits, according to an announcement of the Liberty National Bank, New York. The policy of the Riksbanken is somewhat similar to that recently taken by the Federal Reserve Board of this country. The understanding by the banks is that the order means they are

not to supply funds for the following subjects: Speculation in securities, support to industrial undertakings which can wait without any great disadvantage, new industrial schemes, railroads and purchases of boats from abroad. The other Swedish banks have announced they would co-operate to the fullest extent possible.



## Bergens Kreditbank

THE Bergens Kreditbank, Bergen, Norway, last year realized net profits of 7,400,000 kronen and paid a regular dividend of 10 per cent. Deposits increased 24,000,000 kronen and were above 250,000,000 kronen at the end of the year, with total resources amounting to 348,300,000 kronen.

# Nordisk Bankinstitut A/S

Christiania, Norway

*Paid up capital of 8 Million Kroner*

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



## International Banking Notes

Edward C. Reynolds, general manager of the National Bank of South Africa, Limited, has been appointed manager director of the bank. He will continue also in his position as general manager.

The directors of the London Joint City & Midland Bank, Limited, announce an interim dividend for the last half year at the rate of 18 per cent. per annum less income tax, payable on the 15th instant. The dividend for the corresponding period last year was at the same rate.

The Guaranty Trust Company, New York, has opened a new office in London, in the West End, at 50 Pall Mall. This will take the place of the office opened during the war at 5 Lower Grosvenor Place. The new quarters occupy two floors of a modern building and provide complete banking facilities. This bank will open a branch office in Constantinople about September 1, with Sigmund Metz as manager, Peter Solari, assistant manager, and Richard Schellens, secretary. A temporary office also has been opened in Antwerp at the exhibition grounds where the Olympic games are being held.

At the one hundred and fifty-seventh half-yearly meeting of the shareholders of the Western Australian Bank, Sir E. H. Wittencom, chairman of directors, presiding, the following statement was presented as part of the report for the half-year ended March 29, 1920:

The net profit, after providing for bad and doubtful debts, for rebate on discounted bills current, for interest on deposits and for all expenses of management is £30,535

12s 6d., which, with the balance of £32,970 18s 6d. from the previous half-year, makes £63,506 11s. From this the directors have resolved to pay a dividend of £1 per share, free of dividend duty, absorbing £25,000; and to carry forward £38,506 11s. The reserve fund now amounts to £700,000, and reserved profits to £38,506 11s., or a total of £738,506 11s. The dividend, free of dividend duty, was made payable at the head office on May 6. During the half-year sub-branches of Perth and Merredin have been opened at Armadale and Nungarin respectively. The net profits had been more than maintained and the amount carried forward showed an increase of £5,536 over the figures for September, 1919. Deposits showed an increase of £462,000 over the figures for March, 1919, and of £478,000 over those of September last.

The annual report of the National Bank of South Africa, according to R. E. Saunders, New York agent, presented at the recent annual meeting held at Pretoria, showed paid up capital of £2,965,000 deposits of £61,323,000, notes in circulation, £4,327,000, cash assets, £13,761,000, investments, £12,185,000, and bills, discounted, loans, etc., £32,961,000.

Word has been received in the United States of the amalgamation of the National Bank fur Deutschland, of Berlin, and the Deutsche National Bank of Bremen. The share capital has been increased 18,000,000 marks, making the capital of the combined institutions 150,000,000 marks. This is the second recent German banking merger, the other being the amalgamation of the Berliner Handelsgesellschaft and William Rosenheim & Co., a leading private banking house of Berlin. The feeling among bank-

# Aktiebolaget Svenska Handelsbanken

## The Swedish Bank of Commerce

HEAD OFFICE: Stockholm

Cable Address: "HANDELSBANK"

Capital Paid Up . . . . Kr. 80,708,600  
Reserve . . . . . Kr. 100,268,609  
Resources . . . . . Kr. 1,501,601,560

With 254 branches throughout Sweden this bank is fully equipped to handle the Swedish business of American banks

ers is that the larger units resulting from mergers will be better able to represent Germany in her future financial and commercial relations.

A Bulgarian financial mission is to visit the United States in the near future. It will comprise deputies from all parties except the Communists, and will be headed by Minister of Finance Daskaloff and include in its membership M. Liaptchiff, prominent Bulgarian financier and formerly minister of finance.

The board of directors of the Swiss Bank Corporation on June 28, elected Leopold Dubois, chairman of the bank, to succeed the late A. Simonius-Blumer. Mr. Dubois formerly was delegate of the board. F. Zahn-Geigy will continue as first vice-chairman and Charles Schlumberger-Vischer was elected second vice-chairman. As attorneys for the Zurich office of the bank the directors appointed Oscar Muller, Gotthilf Pfister, Paul Sigg and Max Probst; and for the St. Gall office, Oscar Graf and Emile Sameli.

The statement of Barclays Bank as of June 30, shows deposits of £314,000,000, representing an increase from £256,000,000 at the end of December and £281,000,000 at the end of June a year ago. Loans were reported of £153,000,000, compared with £130,000,000 last December, and £94,000,000 in June, 1919.

Baron Takahashi, minister of finance of Japan, announced recently in the House of Peers, that a loan of 100,000,000 yen (about \$50,000,000) for the South Manchurian Railroad, probably would be floated in the United States in the near future.

Lord Inchcape, speaking at the first meeting of the Peninsular & Oriental Bank, announced that branches would be opened soon, including possibly Calcutta, Bombay, Madras and Karachi.

M. Parmentier, one of the specialists of the French Ministry of Finance, is the expert who will come to the United States in connection with the repayment of the French part of the Anglo-French loan of \$500,000,000.

The prosperity of Cuba is reflected in the report of the Banco Espanol de la Isla de Cuba for the first six months of 1920. This bank, the oldest credit institution in Cuba, shows profits of \$2,013,486.28 and \$1,500,000 put into reserve. The present capital is \$8,000,000 and reserve \$5,500,000. The balance sheet shows the deposit account to be \$112,126,786.12 and stocks deposited \$51,839,432.50. The total of assets and liabilities is given as \$178,466,401.63. Banco Espanol de la Isla de Cuba was established in 1856 and has forty-one branches in Cuba.

The Mercantile Bank of the Americas, 44 Pine Street, New York, announces the opening of a branch of its affiliated bank, the Banco Mercantil Americano de Caracas, at Valencia, Venezuela.

The banking department of New York state has approved an increase of the capital stock of the Italian Discount and Trust Company, New York City, from \$500,000 to \$1,000,000.

Banca Marmorosch, Blank & Co., Societate Anonima of Bucharest, Rumania, has been given a license by the state banking

department of New York to establish an agency at 52 Broadway, New York City.

According to advices just received, the Andresens Bank of Christiania, Norway, increased its net profits in 1919 to 8,000,000 kronor, as against 6,200,000 kronor in 1918. Since 1907 its deposits have increased over 30 per cent. and its reserves have increased about 80 per cent. The bank last year paid a regular dividend of 15 per cent. and an extra of 5 per cent.

R. R. Appleby, New York agent of the Bank of British West Africa, Ltd., has received cable advice from the directors in London, announcing the allotment of 100,000 new shares in that bank in equal proportion between the London County Westminster & Parrs Bank, Ltd., the National Provincial Union Bank, Ltd., and the Standard Bank of South Africa, Ltd., each of which three banks will have one director on the board of the Bank of British West Africa, Ltd.

It will be remembered that last year Lloyds Bank, Ltd., took 37,500 shares of the Bank of British West Africa, Ltd., and placed J. W. Beaumont Pease on the board of that bank.

The Bankers Trust Company, New York, announced the opening of an office in Paris, at 16 Place Vendome, to care for the needs of American tourists on the Continent and for the encashment of "A. B. A." travelers' checks.

W. S. Kies, chairman of the board of the First Federal Foreign Banking Association, has gone to Europe, accompanied by a staff of technical experts, to make arrangements for a co-operative basis of credit extension in such countries as Great Britain, Holland, Scandinavia, Belgium, France, Italy and Spain, in order that American manufacturers who now hesitate to send their goods abroad on a purely credit basis may do so when certain sound banks give unconditional and irrevocable guarantees of the payment of bills at their maturities. It is planned for the First Federal Foreign Banking Association to enter into such arrangements, using the guarantee and endorsement of the exporter, and financing these credits even if they run to much longer periods than the ordinary ones.

C. Howard Marfield, cashier of the Seaboard National Bank, New York City, has gone abroad to spend a month's vacation in Europe.

He will visit France, Belgium and England before his return and will have an excellent opportunity to observe the financial and economic conditions that now exist in those countries.

Cable advice has been received by the agents of the Bank of British West Africa, Ltd., in New York to the effect that a circular has been sent to the shareholders advising the allotment of 100,000 shares in that bank in equal parts between the London County Westminster and Parrs Bank, Ltd., the National Provincial & Union Bank of England, Ltd., and the Standard Bank of South Africa, Ltd. These banks have appointed to the board of the Bank of British West Africa, Ltd., the following directors:

R. Hugh Tennant, representing the London County Westminster & Parrs Bank, Ltd.; Frederick Eley, representing the National Provincial & Union Bank, Ltd.; R. E. Dickinson, representing the Standard Bank of South Africa, Ltd.

This new issue makes the subscribed capital of the Bank of British West Africa, Ltd., £3,000,000, with paid-up capital £1,200,000 and reserve fund £625,000.

Banca Commerciale Italiana of Milan, Italy, recently has opened branches at London and Constantinople. This bank has seventy-three branches in Italy and is affiliated with the following institutions in other countries: Banca Commerciale Italiana (France) at Marseilles and other important cities; Banque Francaise et Italienne pour l'Amerique du Sud, at Paris; Societa Italiana di Credito Commerciale: Vienna; Banca Ungaro-Italiana in Budapest; Banque Francaise et Italienne pour L'Amerique du Sud, et Buenos Aires, Rio de Janeiro and other cities in Argentina and Brazil; Banca della Svizzera Italiana, Lugano; Banca Commerciale Italiana e Bulgara; Banca Commerciale Italiana e Rumena; Banca Italiana et Lima, Peru, and Banco Frances de Chile, at Santiago and Valparaiso, Chile. The New York agency is at 165 Broadway. The authorized capital of this great Italian bank is \$80,000,000, capital fully paid \$52,000,000; surplus, \$23,191,250, and resources, \$1,697,232,207.

# Banque Industrielle de Chine

## 中法實業銀行

**O**F the many foreign bank offices recently established in New York none are more important or destined to have a larger share in developing international, financial and trade relations than those banks created for the special purpose of dealing with the Orient. This is so for several reasons. In the first place, it is in that quarter of the globe that the most populous countries are found; and, in the second place, the peoples of that part of the world are showing unmistakable signs of an awakening of the commercial and industrial spirit—a sure forerunner of enlarged economic development of all kinds.

Besides, several of the Far Eastern countries are in a better position to buy than are the European nations suffering from the effects of the war.

The unusual opportunities for financial, industrial and commercial development offered by the Oriental lands were bound to attract unusual attention and to call for more adequate banking facilities for dealing with that part of the world.

This consideration influenced the management of one of the older Chinese banks, the Banque Industrielle de Chine, in opening an office in New York, under the direction of O. J. Thomen, for many years a partner of the banking firm of Redmond & Co., whose foreign exchange and Oriental business the bank took over.

While the Banque Industrielle de Chine was founded with the special object of helping the Government and the people of China to develop business relations between China and other nations, its business increased so fast and was so successful that the bank's natural

expansion lay in the opening of branches in other countries, notably in Europe and in other Asiatic countries besides China.

Thus the bank is a general international banking institution with branches and intimate connections in all parts of the world. Its head office is at 74 Rue St. Lazare, Paris. In Europe, the bank has branches at Paris, Marseilles, Lyons, Bordeaux (forming), Havre (forming), London, Antwerp, with other offices to be opened as trade and the



New York Office, 27 Pine Street



**A. J. PERNOTTE**  
Director General



**O. J. THOMEN**  
New York Director



Office of New York Director



Reception Office of Banque Industrielle de Chine, New York

bank's interest justify. Its Chinese offices are at Peking, Canton, Foochow, Hankow, Hongkong, Swatow, Shanghai, Tientsin and Yuananfu; in Indo-China at Saigon, Haiphong and Hanoi; in the Straits Settlements at Singapore; in Japan at Yokohama; in Siberia at Vladivostok, and in Manchuria at Mukden.

The Banque Industrielle de Chine offers the American public excellent service for business throughout the world but especially in China, Indo-China, the Far East, the French Colonies and in Europe.

Through intimate association with the Chinese people and the Chinese Government, the officers of the bank are in close touch with industry, commerce and general development. The Chinese Government has subscribed and retains one-third of the capital of the bank and official representatives of the Chinese Government are on the board of directors. There is, as well, a Chinese committee in Peking.

China is a country of immense territory and a population of over 300 mil-

lion inhabitants and has enormous natural resources and mining deposits not yet even tapped. Its people are patient and industrious, of even temperament, and have a reputation for order and commercial probity without equal. They accustom themselves to banking methods. They are prompt in adopting American methods and are of a peaceable disposition.

Chinese commerce, at this writing, has not yet begun to develop. When the country is traversed by railroads (at the present time there are only about 3,000 miles of railroads in the whole immense country), the waterways improved, the mines developed and the population trained, the country is capable of manufacturing every variety of goods among lines of modern industry. When China reaches, and she is indeed endeavoring to do so, the full development of industry, there will be no market in the world which can compete with the Chinese market except the American market.

The Banque Industrielle de Chine works in close co-operation with the



Partial View of Main Banking Room

best Chinese circles and co-operates with the advanced ideas of the Chinese merchants and bankers.

#### CAPITALIZATION, GROWTH AND MANAGEMENT OF THE BANK

The subscribed capital of the Banque Industrielle de Chine was increased from 45,000,000 francs in 1918 to 150,000,000 francs in 1920. Paid-up capital is now 75,000,000 francs, surplus and reserves over 70,000,000 francs, and deposits 885,000,000 francs. Dividends were at the rate of eight per cent. per annum in 1914, 1915 and 1916, rising to ten per cent. for the years 1917 and 1918, and to fourteen per cent. in 1919. Total of the balance sheet has grown from 98,759,425 francs in 1915 to 247,622,944 francs in 1918, and 1,089,715,759 francs on January 1, 1920.

A. J. Pernotte, general manager of the bank now in Paris, has made his headquarters at Peking for many years,

thus gaining the opportunity of forming close association with Chinese financial affairs and the Government. Through his efforts the Chinese Government became financially interested in the bank to the extent of one-third of its capital. Mr. Pernotte's long experience in Chinese affairs renders his association with the management of the bank of exceptional value.

The New York director of the bank is O. J. Thomen, who was one of the founders of the banking house of Redmond & Co., and for many years one of the principal partners in that firm. Upon retiring from Redmond & Co., Mr. Thomen assumed direction of the New York office of the Banque Industrielle de Chine.

At all points the Banque Industrielle de Chine is admirably fitted to serve as an additional and valuable financial connecting link between China and the United States as well as other parts of the world.





# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL . . . . \$5,000,000.00  
 SURPLUS . . . . 5,000,000.00  
 UNDIVIDED PROFITS 2,200,000.00

**OFFICERS**

HARVEY D. GIBSON . . . . .	President
DANIEL G. REID . . . . .	Vice President
ALEXANDER V. OSTROM . . . . .	Vice President
CHARLES W. RIECKS . . . . .	Vice President
ERNEST STAUFFEN, Jr. . . . .	Vice President
JOSEPH A. BOWER . . . . .	Vice President
BENJAMIN E. SMYTHE . . . . .	Vice President
JAMES G. BLAINE, Jr. . . . .	Vice President
JOSEPH S. MAXWELL . . . . .	Vice President
GEORGE MURNANE . . . . .	Vice President
SIDNEY W. NOYES . . . . .	Vice President
MAURICION F. BAYARD . . . . .	Vice President
FREDERICK W. WALZ . . . . .	Cashier
FREDERICK P. McGLYNN . . . . .	Assistant Cashier
THEODORE C. HOVEY . . . . .	Assistant Cashier
LOUIS W. KNOWLES . . . . .	Assistant Cashier
RAYMOND G. FORBES . . . . .	Assistant Cashier
DANFORTH CARDOZO . . . . .	Assistant Cashier
EDWARD J. WHEALEN . . . . .	Assistant Cashier
DONALD D. DAVIS . . . . .	Trust Officer

## When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Hibernia Bank & Trust Company, New Orleans, La.  
Seaboard National Bank, New York  
National Bank of Commerce, New York  
Asia Banking Corporation, New York  
Mercantile Trust Company, New York  
American Exchange National Bank, Dallas, Texas  
Charlotte National Bank, Charlotte, N. C.  
First National Bank, Jersey City, N. J.  
Greenwich Trust Company, Greenwich, Conn.  
Colonial Trust Company, Philadelphia, Pa.  
Titusville Trust Company, Titusville, Pa.  
First National Bank, Richmond, Va.  
Virginia Trust Company, Richmond, Va.  
Planters National Bank, Richmond, Va.  
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

**Alfred C. Bossom**

*Bank Architect and Equipment Engineer*

680 Fifth Avenue, New York

# Golden Anniversary of Strong Richmond Bank

**C**ELEBRATION of fifty years of service to the people of Virginia and the Carolinas was made by the National State and City Bank of Richmond recently. The State Bank of Virginia opened its doors to the public on July 7, 1870, with William H. Macfarland as first president. The City Bank, originally chartered as the Merchants and Mechanics Banking and Insurance Company, opened six months after the establishment of the State Bank in January, 1870. The two banks were merged into one institution in July, 1910, although traditions, policies and high ideals of the two banks were similar from the beginning.

The National State and City Bank was active in getting the Federal Reserve Bank established in Richmond. At the outbreak of the European War its officers and clerical force were well represented in every activity. Eighteen men saw active service, and two lost their lives on the field of battle.

The presidents of the City Bank were: James H. Gardner, 1870-1877; Edward Cohen (who was advanced from cashiership), 1878-1888; and William H. Palmer, 1888-1910. Colonel Palmer was vice-president from 1881 until he became president; E. B. Addison succeeded him as vice-president, serving in this capacity until 1910. The cashiers were: Edward Cohen, 1870-1878; William R. Trigg, 1878-1881; Walker Hill, 1881-1887; John Ott, 1887-1888, and James Sinton, 1888-1910.

The first officers of the State Bank of Virginia were: William H. Macfarland, president; J. M. Goddin, cashier. Mr. Macfarland resigned as president in January, 1871, on account of his removal from the city, and was succeeded by John L. Bacon.

## SUCCESSION IN BANK OFFICIALS

In January, 1873, William M. Hill was elected cashier to succeed Mr.

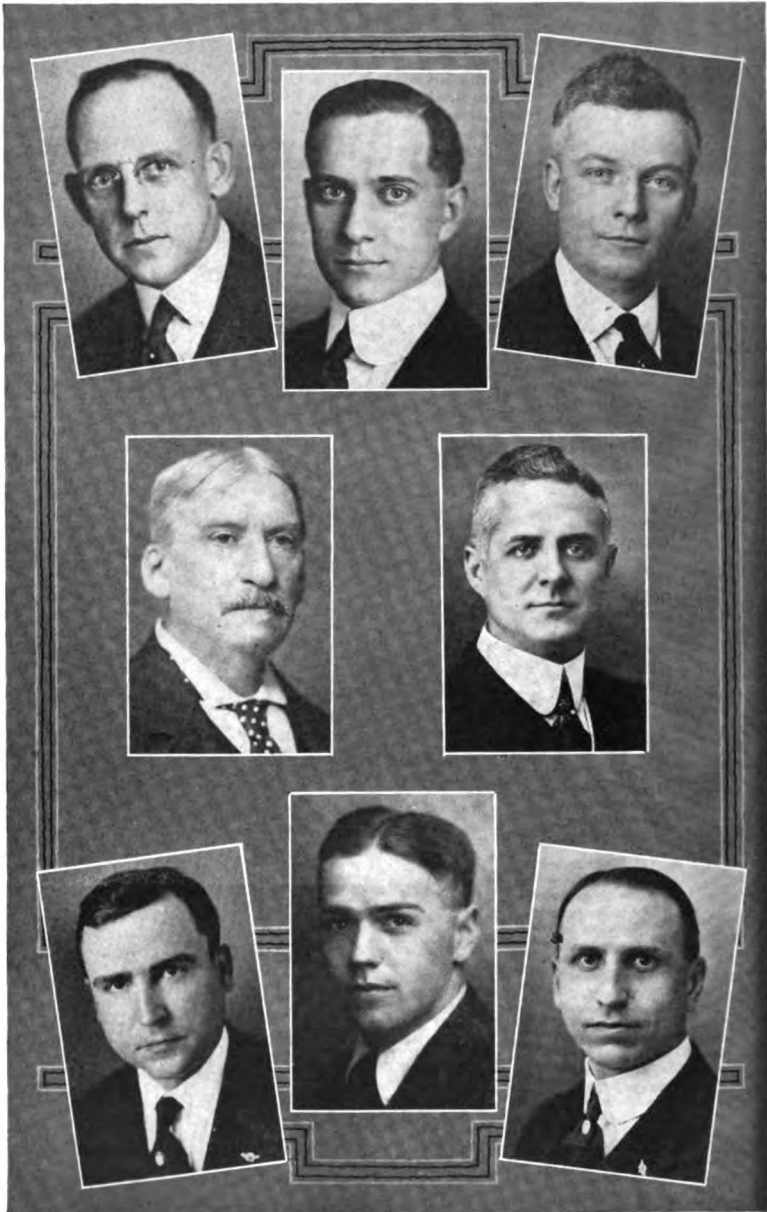
Goddin, resigned, and until the death of Mr. Bacon, on August 22, 1887, the executive management of the bank was in the hands of these two officers. Mr. Bacon was succeeded by John S. Ellett, who with Mr. Hill, composed the official staff, until the election of Julien H. Hill as assistant cashier in 1906.

William H. Palmer was elected president when the National State Bank and the City Bank of Richmond were consolidated in 1910. Other officers were: John S. Ellett, vice-president; William M. Hill, vice-president; J. W. Sinton, vice-president, and Julien H. Hill, cashier. Due to the rapid growth of the bank the next few years required that the official staff be augmented and in July, 1916, R. E. Cunningham, William S. Ryland and N. R. Watt were appointed assistant cashiers. Mr. Watt succumbed to typhoid fever three weeks after his election to an official position.

In December, 1917, Julien H. Hill was made a vice-president with the title of vice-president and cashier. After forty-five years of service as an officer of the Bank, W. M. Hill passed away in January, 1918, and Julien H. Hill was promoted to the position of first vice-president, made vacant by his father's death.

The office of auditor was created in November, 1918, and B. Frank Dew appointed to the position. The continued growth of the bank necessitated a still larger executive staff, and in January, 1920, a number of changes were made and officers elected as follows:

William H. Palmer, chairman of the board; Julien H. Hill; president; J. W. Sinton and R. E. Cunningham, vice-presidents; William S. Ryland, vice-president and cashier; Jesse F. Wood, vice-president; B. Frank Dew and S. Young Tyree and Lawson H. Cook, assistant cashiers. With the exception



Top (Left to Right): R. E. CUNNINGHAM, Vice-President; WM. S. RYLAND, Vice-President and Cashier  
 JESSE F. WOOD, Vice-President  
 Centre: WM. H. PALMER, Chairman of Board; JULIEN H. HILL, President  
 Bottom: B. FRANK DEW, S. Y. TYREE, LAWSON H. COOKE, Assistant Cashiers

of the death of Mr. Sinton in March, 1920, the officers are the same.

**HAS STRONG DIRECTORATE**

Directors of the bank are as follows:  
 E. B. Addison, vice-president Virginia-

Carolina Chemical Company; James H. Anderson, of George W. Anderson & Sons; Hugh Antrim, of C. W. Antrim & Sons; James D. Crump, president of B. F. Johnson Publishing Company; H. W. Ellerson, president Albemarle Pa-

per Manufacturing Company; Horace S. Hawes, of S. H. Hawes & Company; S. H. Hawes, of S. H. Hawes & Company; Julien H. Hill, president; C. K. Lassiter, vice-president American Locomotive Company; Edward C. Mayo; Edwin A. Palmer, principal agent Mutual Assurance Society of Virginia;

William H. Palmer, chairman of board and president Virginia Fire and Marine Insurance Company; E. B. Sydnor, president Richmond Dry Goods Company; Granville G. Valentine, president Valentine Meat Juice Company, and Stewart M. Woodward, of Woodward & Son, wholesale lumber.



## New Chicago Bank

**T**HE Transportation Bank of Chicago, one of the city's newest banks, which is now in process of organization, will be opened in the Transportation Building, corner of Harrison and Dearborn Streets, about September 15. Contracts for the interior work have been let and a large force of men are engaged in installing fixtures. The district in which it is located is technically known as the "South Dearborn Street area" and comprises the territory from Michigan Avenue to the River and from Van Buren Street South to Twelfth Street. This district contains no bank. One of the largest industries in the district, especially in the two or three streets immediately South and West of Harrison, is printing and allied trades. Coal people are also strongly represented. Practically all of the railroad association, such as the Western Passenger Association, Central Freight Association, American Railway Association, Transcontinental Freight Bureau, etc., and a number of large railroad offices, including the Erie, Chicago & Alton, The Monon, have their headquarters in this district. The district is growing rapidly and the volume of business transacted in a year is estimated at \$500,000,000. The labor payroll alone, according to the best reports available, is in excess of \$750,000 a week.

The board of directors, to a large extent, is composed of men actively engaged in business in the territory out-

lined. Every man is active in his individual industry.

William J. Hartman will be the president of the new bank. He is a native of Warsaw, Illinois, and came to Chicago in 1880. He has had wide experience in the printing business. He knows every phase of it both from the manufacturing and the financial end. He is particularly well equipped to be of valuable assistance to printers of the district in their financial affairs. He has been actively identified with all the important movements in Chicago for the advancement of the printing industry. He was one of the founders of the Ben Franklin Club and later one of the men who took an active part in establishing printers' cost systems. He was the founder of the Ben Franklin Monthly and was actively in control of it until the last year or so. W. J. Hartman Company, which he founded and of which he was president, specialized largely in railroad work. He has been for years the publisher of "Hartman's Western Freight Rates" and "The Chicago Freight Rate Guide," and in the last year Mr. Hartman has given his personal attention exclusively to this end of the work, having sold out the general printing department of his business. He is well posted on all matters concerning railroad freight tariffs and has a large acquaintance among railroad men as well as among printers. Mr. Hartman is one of the founders of the Ben Franklin Mutual Insurance Com-

pany of Chicago in 1912 and was its president until it was merged in 1916 with the Miller's Mutual Casualty Company under the name of the Integrity Mutual Casualty Company. He is a member of the executive committee of the latter organization as well as a member of the board of directors. This company is one of the largest of the mutual insurance companies of the West.

Thos. E. McGrath, vice-president, is a native of Chicago and is a trained banker in every way. He entered the service of the Hibernian Banking Association under the direction of John V. Clarke in 1905 and when the Hibernian was taken over by the Continental and Commercial Trust and Savings Bank he was made auditor of the Hibernian section and in 1913 was made assistant cashier. He brings to the problems of the Transportation Bank a very wide experience in all departments of banking. Mr. McGrath has a large enthusiastic acquaintance in Chicago.

Orville J. Taylor, second vice-president and general counsel, is a member of the law firm of Taylor, Miller and Plamondon. He is a native of Sioux City, Iowa, a graduate of the University of Chicago and Northwestern Law School. His firm is one of the most progressive of the younger law firms of the city and he has had a wide experience in legal work for various financial institutions. He was the legal advisor for the organization committee for the Great Lakes Trust Company and is now general attorney for the bank. He also performed the same service for the Chicago Morris Plan Bank and is still its attorney. Prior to the organization of his firm he was in the

legal department of one of Chicago's largest loop banks and he is thoroughly familiar and experienced in all phases of banking law. Mr. Taylor is giving his active attention to the organization of the bank and will serve permanently as its vice-president, general counsel and member of the board.

J. E. Engquist, cashier, is a native of St. Paul. He comes to the Transportation Bank directly from the First National Bank of Antigo, Wisconsin, where he was cashier. His early banking experience was gained in the Lumbermen's Bank of Shell Lake, Wisconsin, where he was assistant cashier prior to his service at Antigo. He is a thoroughly trained banker and experienced in every detail of the banking work.

Following is a list of the directors: V. M. Alexander, assistant general manager, Chicago & Alton Railroad; A. R. Brunner, president of the Liquid Carbonic Company; W. F. Donohue, president, M. A. Donohue & Co.; W. E. Dwight, president, Dwight Brothers Paper Company; J. E. Engquist, cashier; W. H. French, president, Barnhart Brothers & Spindler; William J. Hartman, president, E. W. Kraft, Keuffel & Esser Company; F. W. Lietzow, treasurer, Natural Dry Milk Company; Thos. E. McGrath, first vice-president; F. C. Schultz, chief inspector, Chicago Car Interchange Bureau; Frank E. Spencer, secretary and general manager of Anderson & Gustafson, Inc.; George Halleck Taylor, Chicago mortgage loan correspondent, Prudential Life Insurance Company of Newark, N. J.; Orville J. Taylor, second vice-president and general counsel; Giuseppe Zaffina, attorney.



# Banking and Financial Notes

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION

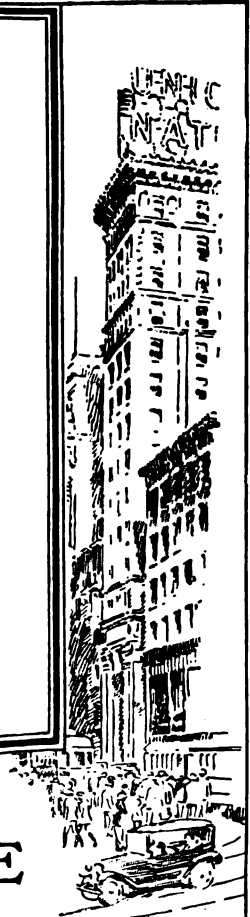
**T**HIS bank takes pride in the close relationships which exist between it and its banking correspondents.

It is service that counts—and the best service is that which is founded upon understanding of particular needs, and courtesy in supplying them.

We invite correspondence from banks and bankers in regard to Cleveland accounts.

This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

**UNION COMMERCE**  
*National Bank*  
OF CLEVELAND



# BANK of the MANHATTAN COMPANY

## *Offering a Personal Service in New York to Out-of-Town Banks*

### 1799-1920

**S**CARCELY five years from its opening, this Bank began to lay the foundation of its service to out-of-town banks, now grown to a nationwide factor in the banking of the United States.

Among the earliest of these were the Newark Banking Company, the Philadelphia Bank, the New York State Bank of Albany and the Hartford Bank.

With this century and more of experience in inter-city and inter-state banking, it is hardly to be wondered at that this Bank offers something a good deal more than the routine services of a mere "correspondent"—that a service performed by this Bank is an intimate and personal service, carried out as you would do it yourself if you could be here on the ground.

The Bank of the Manhattan Company is big enough to provide you all facilities in New York—and even more so since the Bank of the Metropolis, the Bank of Long Island and the Merchants' National Bank have become merged with it.

Yet it is never so large as to lose sight of the value of the single account.

When we invite your correspondence, we do so knowing that we shall be able to give your business the personal attention of our Officers.

## Bank of the Manhattan Company

Established 1799

*40 Wall Street*

UPTOWN OFFICE:—31 Union Square, New York  
OFFICES IN QUEENS BOROUGH:—Jamaica, Flushing, Long Island City,  
Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point,  
Woodhaven, Ridgewood, Fresh Pond

<p><b>STEPHEN BAKER, Pres.</b>  <b>JAMES McNEIL, Vice-President</b>  <b>B. D. FORSTER, Vice-President</b>  <b>HARRY T. HALL, Vice-President</b>  <b>EDWIN S. LAFFEY, Vice-President</b></p>	<p><b>RAYMOND E. JONES, First Vice-Pres.</b>  <b>P. A. ROWLEY, Vice-President</b>  <b>D. H. PIERSON, Vice-President</b>  <b>FRANK L. HILTON, Vice-President</b>  <b>V. W. SMITH, Vice-President</b>  <b>JOHN STEWART BAKER, Vice-President</b></p>
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**O. E. PAYNTER, Cashier**

<p><b>W. F. MOORE, Ass't Cashier</b>  <b>I. S. GREGORY, Ass't Cashier</b>  <b>H. M. BUCKLIN, Ass't Cashier</b></p>	<p><b>W. A. RUSH, Ass't Cashier</b>  <b>GEO. S. DOWNING, Ass't Cashier</b>  <b>E. S. MACDONALD, Ass't Cashier</b>  <b>O. G. ALEXANDER, Ass't Cashier</b></p>
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**CAPITAL, \$5,000,000—SURPLUS and UNDIVIDED PROFITS, \$16,146,494.20**



# Review of the Month

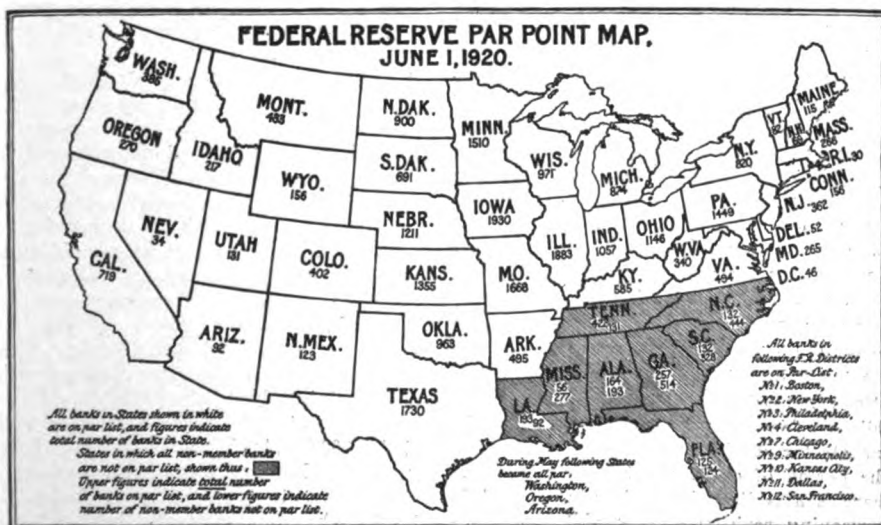
## Trade Conditions Throughout the Nation as Compiled for the Federal Reserve Bulletin

**U**NCERTAINTY and the continuance of industrial transition have been the characteristic features of the month of July in the business field. Some districts report that the price-cutting movement begun in May and continued through June is slowing down, while in other districts reduction of prices is reported still in progress. Industrial activity in many lines has been shortened in consequence of lowered demand, cancellation of orders and general readjustment. In some districts, however, production continues upon old orders which are still on the books, despite the fact that new business has fallen off. In the agricultural regions, improved crop conditions and the development of a more confident tone in business are reported to have brought about a turn distinctly for the better. Speculation in commodities is in many parts of the country reported to have been greatly reduced and in some practically eliminated. There is a general feeling that extravagant buying is at least less extreme and dangerous than it was some time ago, while labor in many parts of the country is reported as increasing in efficiency and a better spirit of co-operation exists between employer and employee. From the credit standpoint there is general ex-

pression of the belief that unessential demands have been reduced and that even where there has been no lessening in the volume of loans the advances that are being currently made are in a much greater proportion than those which grow out of bona-fide commercial and agricultural necessities than at any time for many months past. Transportation continues to be perhaps the least satisfactory phase of the month's development, and while there has been some improvement in a number of parts of the country it is still true that there is great congestion and that in consequence of it an undue and unnecessarily severe strain has been brought to bear upon credit for the purpose of making possible the carrying of goods which would otherwise have gone to market and would have been liquidated.

District No. 1 (Boston) reports that "transportation difficulties constitute one of the most important factors in the present credit and industrial situation in New England; \* \* \* liquidation of consumable commodities \* \* \* which has been so marked during the past few months continues, but \* \* \* shows signs of shortly running its course; \* \* \* a certain amount of increasing efficiency on the part of workers \* \* \* has been noted."

District No. 2 (New York) reports that



the expansion of loans and rediscounts "has been very largely checked," while "production has continued at a very high level," "business failures continue low," and "the money market has in no wise relaxed its stringency."

Stock Exchange money conditions are "decidedly tense" and conflicting tendencies in the export situation are noted.

District No. 3 (Philadelphia) reports that "industrial activity in many lines has slowed up during the past few months; \* \* \* the textile industry has been seriously affected; \* \* \* iron and steel and the allied \* \* \* lines are sorely tried by the transportation situation," and that "the most encouraging factor \* \* \* is the improving attitude of labor."

District No. 4 (Cleveland) finds that "conditions continue to improve," but there has been "no appreciable lessening of the credit strain." Business, however, "has become unnecessarily apprehensive; the situation is still somewhat confused; we are not yet out of the woods." Tight money conditions have forced realizing sales, collections are less satisfactory, and commercial failures somewhat more numerous.

In District No. 5 (Richmond) "collections are increasingly slow. The price-cutting movement \* \* \* was less marked than during the preceding month, \* \* \* The most encouraging development of the month was the striking improvement in crop conditions."

According to District No. 6 (Atlanta) there has been a "strengthening of the determination on the part of the public to delay buying. \* \* \* Deflation is definitely under way, \* \* \* and with the return to a price basis more nearly normal confidence will be restored."

District No. 7 (Chicago) states that the car situation is "still a dominant factor" while "labor difficulties are becoming a more important consideration. Borrowing at banks continues in large proportions; \* \* \* the demand for credit is very large and there is little prospect of relief from the high rates." Growth of farm land and city real estate sales has been checked. There is a slowing down in manufacturing.

District No. 8 (St. Louis) finds that "general business \* \* \* has been well sustained" but that "some lines show a reactionary tendency, others holding steady, while a few record broad gains." The markets for staples "are more sensitive" and "the period of extravagant buying is over." There is a feeling that prices "may sustain a sweeping revision downward." Improve-

ment in crops "has continued." The purchasing power of the public has not declined.

In District No. 9 (Minneapolis) crop prospects have improved, "labor conditions are not threatening, as was expected early in the year, "there is a serious lack of grain storage, despite "an improvement of about one-third in the number of cars forwarded during June as compared with May." Lake fuel receipts are only 36.7 per cent. of a year ago, and moderate credit liquidation is proceeding.

District No. 10 (Kansas City) reports that "many lines of activity \* \* \* are now experiencing mid-summer quiet. \* \* \* In the face of the slowing down of trade and industry there is a feeling \* \* \* that the crops \* \* \* are bound to make good business. \* \* \* There are evidences to show that production \* \* \* is increasing and there is a reported tendency toward price recessions."

From the 11th District (Dallas) it is reported that "improved crop conditions, the passing of the spirit of hesitancy and suspense, \* \* \* the growth of a more optimistic view on the part of business and banking interests, \* \* \* have all contributed to the development of a brighter outlook." Mercantile transactions are quiet but labor conditions have been improving. There is a prospective shortage of grain cars.

The 12th District (San Francisco) reports that the condition of crops is practically unchanged, a reasonable supply of cars for the fruit crop has been obtained, but there is car shortage in connection with lumber. Building continues active. There has been some falling off in wholesale trade. Prices are not lower.

Probably the most helpful element in the outlook during the month has been the continued improvement in crop prospects in general, and the special improvement seen in certain important agricultural lines. The 9th District (Minneapolis) reports both winter and spring wheat in healthy condition, with the prospect of a yield considerably above normal and an indicated yield of 186,000,000 bushels of spring wheat, 7,500,000 bushels of winter wheat and 273,500,000 bushels of oats. The 10th District (Kansas City) estimates a combined crop of winter and spring wheat of 260,000,000 bushels, with oats at 185,000,000 bushels and corn at 400,000,000 bushels. In the middle west generally the crop output is improving and in many sections corn "never looked better." Wheat and oats also hold out excel-

# The Chemical National Bank of New York

FOUNDED 1824

Capital . . . . .	\$ 4,500,000
Surplus and Profits . . . . .	14,500,000
Total Resources . . . . .	225,000,000

## OFFICERS

HERBERT K. TWITCHELL, Chairman of Board	
PERCY H. JOHNSTON, President	EDWIN S. SCHENCK, First Vice-Pres.
FRANK K. HOUSTON, Vice-President	JOHN G. SCHMELZEL, Asst. Cashier
FRANCIS HALPIN, Vice-President	JOHN B. DODD, Asst. Cashier
ISAAC B. HOPPER, Vice-President	SAMUEL T. JONES, Asst. Cashier
CLIFFORD P. HUNT, Vice-President	CLIFFORD R. DUNHAM, Asst. Cashier
JESSE M. SMITH, Vice-President	SAMUEL SHAW, JR., Asst. Cashier
EDWARD H. SMITH, Vice-President	ROBERT D. SCOTT, Asst. Cashier
ALBION K. CHAPMAN, Cashier	WILBUR F. CROOK, Asst. Cashier
EDWIN GIBBS, Trust Officer	N. BAXTER JACKSON, Asst. Cashier
JAMES L. PARSON, Assistant Cashier	ROBERT B. RAYMOND, Mgr. Fgn. Dept.
JAMES McALLISTER, Assistant Cashier	ERNEST J. WATERMAN, Asst. Tr. Off.
HENRY M. ROGERS, Assistant Mgr. Foreign Dept.	

## DIRECTORS

Frederic W. Stevens	William Fellowes Morgan	Charles A. Corliss
W. Emilen Roosevelt	Arthur Iselin	John A. Garver
Robert Walton Goellet	Garrard Comly	Herbert K. Twitcheil
Darwin P. Kingsley	Henry A. Caesar	Percy H. Johnston
Charles Cheney	Frederic A. Juilliard	Edwin S. Schenck
	Ridley Watts	

lent prospects. District No. 8 (St. Louis) reports wheat low in quantity but high in quality, corn in favorable condition, oats bearing out optimistic estimates and hay the most satisfactory ever raised in the region. Cotton is improving and labor conditions better than expected. The combined condition of all crops in the district as reported by the Department of Agriculture is 95.8 per cent. On the Pacific Coast spring wheat is now estimated at about 50,000,000 bushels or 10,000,000 bushels more than 1919. The special local crops, such as beans, sugar beets and others are particularly promising, but the rice crop has received serious injury. Favorable weather during the past month has considerably improved the condition of deciduous fruits in the northwest. Oranges will be considerably lower than last year, lemons about the same. The price of vegetable oils has declined considerably.

In live-stock conditions appear to be exceptionally good the country over. District No. 10 (Kansas City) reports excellent pasturing conditions but states that prospects for any material increase in the supply of animals during the autumn and win-

ter are not encouraging because of the length of time required to build up the industry after the inroads suffered during the war. The 11th District (Dallas) reports excellent range conditions, with stock making satisfactory progress practically throughout the district and prices materially higher at the close of June. In other parts of the country the live-stock situation is also encouraging. Receipts of cattle at 15 primary markets during June were 1,290,265 head, corresponding to an index number of 128, as compared with 1,209,656 head during May and 1,122,782 head during June, 1919, the respective index numbers being 120 and 111. Receipts of hogs amounted to 2,746,390 head during June, corresponding to an index number of 125, as compared with 3,128,249 head during May, and 3,081,638 head during June, 1919, the respective index numbers being 142 and 139. Receipts of sheep for June were 1,006,528 head, as compared with 796,160 head during May and 1,116,003 head during June, 1919, the respective index numbers being 74, 58, and 82. In the 10th District (Kansas City) the movement of live-stock to the markets in June was less than in May and less than in June of last

year, but trade in cattle was more encouraging to shippers than in any previous month of the year. Purchases of cattle by packers during June were smaller than in May or in June of last year, but prices have improved in most branches of the business, except sheep. In the 11th District (Dallas) there was a heavy movement of cattle and hogs to market during June, figures in some lines reaching record proportions. Prices at Fort Worth registered a sharp recovery during June and this tended to enlarge subsequent shipments, the influx of animals weakening the market so that by the opening of July much of the gain recorded has been lost. The hog market, however, reached the highest point since last November. Gross receipts both of cattle and calves were larger than in May or than in June, 1919, while hogs and sheep fell off as compared with both preceding periods.

The movement of grain has been retarded by the car shortage situation. In the 9th District (Minneapolis), however, there was an improvement of about one-fourth in the number of cars for grain and flour forwarded as compared with the month of May, and the number of cars received was about the same. The very moderate improvement over May was the result of strenuous efforts to secure empty grain cars by virtue of the priority orders. Wheat receipts at Minneapolis during June show a falling off of 3 per cent. from the May figures, and receipts of corn show an increase of 11.8 per cent. The movement of wheat and corn during the present crop year commencing September 1, 1919, has been substantially the same as during the preceding crop year, but the movement of the other grains is about 43 per cent. of the movement of the previous year. Price declines were noted in Minneapolis during June for grain and flour, with the exception of oats and barley, which showed slight increases.

The wool and woolen outlook has been of special importance during the past month. In raw wool the inactivity which has been characteristic during the past six weeks continues and the market has become entirely a buyers' market. The raw wools are in numerous instances being quoted at 30 per cent. below the level of last January in District No. 3 (Philadelphia). In District No. 1 (Boston) dealers in raw materials are placing practically no orders and such wool as is going into the market is being received on a consignment basis. "It is still felt \* \* \* that with more wool in the world than was ever before known, prices have not yet reached bottom."

Goods returned to the mills together with cancellations are estimated at \$100,000,000. An encouraging feature in the situation is the willingness of wool dealers to extend longer time and to accept cancellations of orders. In the woolen and worsted goods industry, yarn spinners are having but few inquiries for their product, while for finished textiles conditions are equally discouraging. In the 3rd District (Philadelphia) "there is no demand for the product and the closing of plants is general; \* \* \* while some manufacturers feel that activity will be resumed in the early fall, others have no hope for a decided improvement in conditions until after the presidential election. Nevertheless it is believed that "when business is resumed \* \* \* manufacturing conditions should be much more favorable than those prevailing during the first six months of the year. The raw material supply is plentiful and lower in price and labor conditions show signs of real improvement." Collections in the industry generally are slowing up. The strain, however, has, on the whole, been well borne by the industry.

In cotton goods there has been a reduction of activity. In the Massachusetts cotton-milling region demand continues light, many mills reporting supplies of raw cotton sufficient to last until next year. The better crop prospects in the south have reduced any anxiety that was felt concerning prospective scarcity. Prices are about 50 per cent. more than in 1914 for the best grades. In the 3rd District (Philadelphia) little or no interest is shown by cotton yarn interests in the raw staple while manufacturers are placing few orders for yarns. Curtailment of production is prevalent. Prices for cotton products have been steadily declining and are now on a price level equal to that of last autumn. In New Bedford (Mass.) mills have on hand sufficient cotton to run until the latter part of August. There has been a softening in the yarn market, and in Fall River orders are not coming in freely. In Lowell mills are still running on full time. Some houses in different parts of the country have made commitments for fall goods at prices higher than prevailed in the autumn of 1919, while others are refusing to place orders freely. The chances seem to favor a still further reduction of activity in the industry. In "small wares" conditions have not much changed during the past month; prices are about the same, collections are slower and volume of buying is slowing up." Predictions are made that prices of cotton small wares will be higher this fall than last and

# Getting Acquainted

The Seaboard National Bank has always endeavored, with more than ordinary interest, to fully acquaint itself with the business entrusted to it by its many depositors and friends, having always regarded this as being the only basis for creating a genuine spirit of mutual confidence and co-operation.

This institution offers a modern banking organization that is thoroughly equipped and systematized to render a prompt and intelligent service along every line of financial business.

Whatever your requirements in banking may be, our officers who give their personal and undivided attention to every account, will be glad to go into details with you regarding your business problems and financial needs.

## The Seaboard National Bank of the City of New York

Capital, Surplus and Profits over Five Millions

higher this coming spring than the spring just past. Some concerns, however, have begun cutting prices.

The past month has seen but little improvement in the depressed situation existing in leather and shoes a month earlier. Shoe manufacturers are not placing many orders with leather dealers. July is usually a dull period in any case, but the dullness began earlier and is lasting longer this year. A great curtailment of operations both in the manufacture of leather and in that of shoes is noted in New England. Manufacturers, however, on the whole anticipate a brisk autumn business due to belated orders, and they also look for a greater demand for shoes of grades other than the finest. Export shipments are believed likely to fall off. In the 3rd District (Philadelphia) curtailment which exists in the Massachusetts region likewise prevails. There is conflicting opinion throughout the trade as to the outlook, some believing that a sudden autumn demand will spring up, others that retailers are sufficiently well stocked to "carry on" for a good while to come. Manufacturing conditions in the shoe industry are fairly satisfactory. In the middle west "shoe

manufacturers have been marking time," and output is only thirty per cent. to forty per cent. of that of a year ago, but conditions are considered better than in the east. Retailers' stocks are depleted. In the Virginia shoe producing district manufacturers are not getting their usual orders. Cancellations are still an important factor. In District No. 8 (St. Louis) the shoe industry is now, however, swinging to a more certain basis. Manufacturers and distributors are showing increase in volume and value of business. Cancellations have decreased, raw materials are more abundant and labor is ample. Collections vary a good deal.

The serious condition in which the iron and steel industry is now placed as the result of railroad congestion and shortage of raw material and fuel is illustrated by the statement made by the Cleveland district that "traffic conditions in the iron and steel industry during the past month have reached a more acute stage and have become a matter of constant struggle \* \* \* to keep plants in operation and finished material moving." The piling up of unshipped product in mill and furnace yards has continued and there is also a large tonnage of semi-finished material which is stacked up in work

yards. It is estimated that 2,000,000 tons of iron and steel are tied up in the hands of the producers throughout the country. In District No. 4 (Cleveland) there have been few cancellations of unshipped products, but many mills are regulating their operations entirely in accordance with the ability of the buyer to furnish transportation. Thousands of motor trucks have been put into service hauling material from mills to points where cars are available or even to consumers' plants. Crude material production in that district has kept up quite well, but restriction of output applying most severely to the finishing operations. In District No. 3 (Philadelphia) the transportation situation has so thoroughly tied up the iron and steel industry that the entire situation centers on the question of getting movement of products. While many plants are running at 100 per cent. of capacity, the continuation of the lack of cars will force a reduction, possibly by two-thirds, at the end of another six weeks. Pig iron continues in active demand but it is impossible to procure it in any quantity. If demand were to be taken as a criterion of the outlook, manufacturers would think it excellent, but their stocks of material and fuel have been so seriously depleted that the shipping prospect is very questionable. In the Birmingham District (District No. 6, Atlanta) transportation difficulties are slightly improved, but apprehension still exists as to the supply of raw material. The greater number of sales are in small lots and domestic business is being given practically sole attention. Consumption of pig iron is again showing improvement. Confidence is expressed that the pig iron market will be firm for several years to come and that export business will be substantial. Production during June was 3,043,540 tons, as compared with 2,985,682 tons during May and 2,114,863 tons during June, 1919, the respective index numbers being 131, 129 and 91. The unfilled orders of the United States Steel Corporation at the close of June were 10,978,917 tons, as compared with 10,940,466 tons at the close of May, the index number for both months being 208.

The coal outlook is closely connected with the entire manufacturing situation but particularly with iron and steel prospects. In District No. 3 (Philadelphia) the car supply is still inadequate, the general situation is discouraging and both domestic consumers and plants face a serious situation. The output in Pennsylvania and West Virginia is fifty per cent. of normal, while in Ohio, Indiana and Illinois it is still smaller. Ex-

ports of coal which have been mentioned as one cause of the present difficulty are an inadequate explanation, the real source of trouble being insufficient production in relation to demand. Our output for the nation at large is now about 9,000,000 tons of coal per week, but current demands show a need for 11,000,000 tons. Prices have been advanced. In the Birmingham district (District No. 6, Atlanta) coal production is still lagging, strikes at domestic mines being partly responsible. There is also an undercurrent of unrest among the coal miners in Pennsylvania with local labor troubles. In District No. 4 (Cleveland) the movement of coal is unsatisfactory, shipments to the northwest up to July 1 being more than 5,000,000 tons below the corresponding figure a year ago, and there has been little increase during July. Coke shortage is widespread and the high price of coke has been an important factor affecting the activities of many iron and steel plants. Spot coke has been selling from \$18 to \$20 at the ovens. Production of bituminous coal during June was 44,462,500 tons, corresponding to an index number of 120, as compared with 39,059,000 tons during May and 38,547,000 tons during June, 1919, the respective index numbers being 105 and 104. The production of anthracite coal for June amounted to 7,754,000 tons, compared with 7,631,000 tons during May and 7,251,000 tons during June, 1919.

More active petroleum exploitation is gradually bringing up the production of crude oil. Pipe-line runs in Oklahoma and Kansas are now beginning to exceed shipments and reserve stocks are getting back to something like normal. This may be partly due to inability of refiners to get tank cars but the output itself is increasing. June was the best month of the year in crude oil production. In the Tenth District (Kansas City) the output for that month was worth over \$40,000,000 and new wells completed numbered 1,136. In the Eleventh District (Dallas) June operations, however, showed a "slump." There were 169 less completions than in May but the total production about 11,500,000 barrels was only about 250,000 below May. In June 650 wells were completed in the Eleventh District. In the Twelfth District (San Francisco) the June production was slightly less than in May, being 273,000 barrels per day, while shipments exceeded production, stored stocks declining 120,000 barrels. There is a shortage of gasoline and buyers have raised prices for crude oil.

Metal mining conditions during the month

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$950,000

## OFFICERS

JULIAN D. FAIRCHILD, *President*  
JULIAN P. FAIRCHILD, *Vice-President*      HOWARD D. JOOST, *Assistant Secretary*  
WILLIAM J. WASON, JR., *Vice-President*      J. NORMAN CARPENTER, *Trust Officer*  
THOMAS BLAKE, *Secretary*      GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS

have not been uniform. In District No. 10 (Kansas City) the half-year period ending June 30 shows an increase in the value of lead and zinc shipments over 1919 in spite of adverse productive conditions. Shipments of zinc ores declined during June and there was a tendency to decline both in price and volume of shipments of zinc. Metal mining in Colorado has suffered from a shortage of labor. Little new prospecting is in progress.

One notable feature of the business situation during the month has been a change in labor conditions. An important factor in this connection has been the development of unemployment in various parts of the country. This unemployment has been apparently chiefly due to three factors. Where poor transportation prevented deliveries of fuel and raw materials some plants have been obliged to curtail operations and thereby reduce opportunities for employment pending better conditions; in other manufacturing districts the shutting down of mills as a result of cancellation of orders and lack of demand has also thrown considerable forces of men out of work; elsewhere, inability to obtain capital for construction and consequent abandonment or suspension of undertakings that had been contemplated have produced a certain amount of unemployment with some shifting of workers from one occupation to another. An effect of the changed labor situation, which has been the subject of quite general comment in the various Federal Reserve Districts, is an increase in the efficiency of labor. One of the largest producing companies in District No. 4 (Cleveland) reports the "greatest four months in our history of pounds produced per man." In District No. 1 (Boston) "labor is less insistent in its demands" and during the first half of July only ten new strikes were reported to the Massachusetts Department of Labor, but

two of these involving any considerable number of men. During the latter part of June and the first two weeks of July there was a marked decrease in the demand for factory help. The Boston Public Employment Office reports a surplus of machinists, mechanics and general factory workers. Retrenchment in Government manufacturing operations has released some labor. Unskilled labor is also more plentiful than heretofore. In the agricultural regions, however, there is little or no relief from the shortage of farm labor. District No. 6 (Atlanta) reports that all parts of the District are seriously short of farm hands. In District No. 5 (Richmond) there is considerable sporadic unemployment, but this is believed to be due largely to irregular transportation. In the extreme southern part of the country a better supply of agricultural labor has resulted from the slackening of industrial production. In New York there has been a distinct, though not large, increase in unemployment and this is more noticeable than usual at this season in the clothing trades. The labor difficulties at the port of New York have been reduced. Generally speaking, conditions are more stable than they were several months ago. Local shortage of unskilled labor due to the scarcity of immigrant hands is observable. There is less complaint than usual of labor conditions on the Pacific Coast, District No. 12 (San Francisco) reporting "no strikes or labor disturbances of any importance in this District." A notable event of the month has been the decision of the Railway Wage Adjustment Board, which has resulted in awarding a wage increase to railway workers estimated to aggregate \$600,000,000, and presumed to represent an average increase of twenty-one per cent. or over for railway employees as a whole, although the increase granted has been greatest in the lower paid grades of employment.



Testimonial Open Air Concert in honor of Sir Thomas Lipton at Central Park. Sir Thomas Lipton is in the Center of the platform holding the flag which was presented to him by Mayor Hylan to convey to him the hearty good wishes of the men and women of the City

There appears to be no difference of opinion concerning the causes that are responsible for the difficulties that hamper building operations. The hindrances are summed up under the all-inclusive heads of high prices of structural materials and heavy labor costs; transportation troubles that make the securing of supplies problematical; and inability to obtain funds for financing contemplated projects, especially residential structures. It is true that, although all these factors are operative, reports from certain Districts are inclined to stress some one factor while minimizing the importance of others. The situation in the west and southwest appears to be much more favorable than in other parts of the country, Districts No. 11 (Dallas and No.

12 (San Francisco) both reporting increased activity in the month. In District No. 8 (St. Louis) as a result of better weather and improvement in transportation, work already begun has been resumed or continued, but new projects are few. There is no improvement in the housing situation. Labor troubles have also been experienced. Both in the Minneapolis and Kansas City Districts the June reports show a reduction in building permits by number and value as compared with May. In District No. 11 (Dallas), on the other hand, improvement has occurred in June, an increase of fifteen per cent. in total valuations over the month of May being noted, although the total is sixteen per cent. below the record for June a year ago. For the first six months of the year, the 1920 valuations exceeded those of 1919 by 147 per cent. Similarly in the Twelfth District (San Francisco) building is active, permits issued in nineteen cities showing valuation increases of 7.7 per cent. as compared with May and 63.3 per cent. as compared with June a year ago. For the six-month period an increase of 107.17 per cent. was recorded.

Financially, the developments of the month show improvement. District No. 2 (New York) reports that "the tremendous expansion in loans and discounts which took place last year has been very largely

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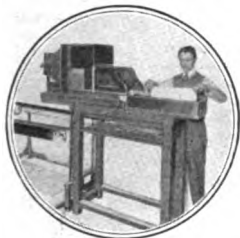
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checked" and that in the New York District it "has been wholly checked." Reports of the Comptroller of the Currency show that up to May 4 some increase in loans was still occurring in the country banks but at a lessened rate than previously. Speculative activity has also subsided. The number of shares sold on the New York Stock Exchange has declined in the past few months to not much more than a quarter of the average activity of last autumn, while bank clearings in New York City have declined about twenty-five per cent. In District No. 7 (Chicago), while commercial paper commands the highest rate in years, collections are generally good, and speculation not only in stocks and commodities but also in farm lands has been checked, at least temporarily. The activity in banking turnovers is on the decline as compared with June, although larger than in 1919. Borrowing at the banks continues in large proportions and there is no prospect of relief from high rates. In the south there has been some success in eliminating loans on United States obligations, while other loans and investments show a slight decrease up to June 25 and this tendency is apparently continuing. Many rates continue very high. In the principal manufacturing districts there has

been no marked change in the credit situation and any surplus credit at one point is immediately absorbed by demand at some other point. Large stocks in the hands of merchants and manufacturers have combined with the difficult money market to force many realizing sales. Collections are still good. In New England loans secured by stocks and bonds have decreased materially, about one-half of the decrease being in paper secured by corporate bonds and stocks. Borrowings from the Federal Reserve Banks show a decline. The total turnover as shown by charges against deposit accounts is about the same as during the preceding month. Investment securities show a fairly consistent level, though perhaps with a slightly downward tendency. The bill market in New York and other financial centers has been quite active with good demand for prime bills. Rates have changed but little in commercial paper, but have had a somewhat stronger tendency. Call money rates have been tolerably stable around eight per cent. The reserve ratio of the Federal Reserve Banks has tended on the whole to reach a more satisfactory figure, the average for the four report periods ending with July 23 being 43.6 per cent.

# Noisy Offices Made Quiet



Office of Spencer, Trask & Co., treated with Stone's No-Nois Ceiling

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## No-Nois Ceilings

This consists of installing a specially prepared felt directly on the ceiling and stretching a special cloth over same, which is then decorated with Flexolite paint to harmonize with the surroundings.

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*Write for illustrative booklet*

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# Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland  
and the District of Columbia

## ECONOMIC CONDITIONS IN THE EASTERN STATES

**W**HILE it does not appear that the banks of New York made any material reductions in loans and investments or in rediscounts with the Federal Reserve Bank between June 25 and July 23, there are indications that further expansion has been checked to some extent. On June 25 the rediscounts with the Federal Reserve Bank were \$341,000,000, and although the figures had risen to \$372,000,000 on July 25, the total loans and investments went down from \$5,694,000,000 to \$5,684,000,000.

In the industrial field general activity is well maintained, though in the textile and leather trades there has been some falling off.

Building operations continue to be restricted by the high cost of labor and materials, by inadequate transportation for needed materials, and especially by the lack of funds for financing new construction.

A disposition is manifest on the part of jobbers to collect their accounts more closely than has been customary heretofore, and a marked reduction of outstanding items has been effected in many cases.

Retail trade in New York City continues good, the figures for the current month being substantially above those for the same month of last year. Reduction in prices of clothing and of some other staple articles have stimulated buying.

Commercial failures in the Second Federal Reserve District, as compiled by R. G. Dun & Co., for the first six months of 1920 numbered 731, against 642 for the like period of 1919. The liabilities were \$29,985,168 for the first half of this year and \$21,577,495 for the first half of 1919. Liabilities of failed concerns were \$2,413,591 for May of this year and \$16,218,230 for June.

The transportation situation throughout the district generally is much improved, the principal roads reporting an increase in the proportion of movement of loaded cars. Increased wages and rates are counted on to still further add to the easier feeling regarding the railways of the country.

At New York financial sentiment has been

profoundly affected by recent developments in Europe, and this feeling has found reflection in the securities markets and in the course of the foreign exchanges. This circumstance has served to direct attention afresh to the close relation existing between political and industrial stability in Europe and the financial situation in this country. Many have objected to our mixing up in European affairs from purely altruistic motives, and many regard the economic situation of Europe as something outside our province; but when it is seen that every serious political or economic disturbance in Europe finds an echo here, we can no longer be indifferent, on purely business grounds, to conditions on the other side of the Atlantic. This fact is coming to be more fully recognized by American bankers, and it is expected that early in the coming year a very large corporation will be organized under the new Edge Law for the purpose of assisting in the financing of our trade with Europe and other parts of the world.



## TAKES OUT GROUP INSURANCE AND INCREASES CAPITAL

The National Park Bank of New York has recently taken out group insurance covering every officer and employee. The policies range from \$500 to \$5,000 according to the length of service rendered. The premiums are paid by the bank so that the insurance involves no expenditure on the part of officer or employee.

The stockholders of the National Park Bank of New York have voted to increase the capital from \$5,000,000 to \$7,500,000. The additional stock is to be offered to stockholders of record July 19 at par \$100. The enlarged capital is effective August 2.

## MORE CORN EXCHANGE STOCK LISTED

The New York Stock Exchange has approved the listing of \$1,380,000 additional capital of the Corn Exchange Bank of New York, making the total amount listed \$6,000,000.



**T**HIS modern bank building, the home of the Warren Institution for Savings of Boston, stands on Park Street, facing famous Boston Common and adjoining historic Park Street Church. It is a good example of the highest type of combination bank and office building. It was planned by

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

501 American Trust Building, Cleveland, Ohio

**CHAUNCEY H. MURPHY**

Chauncey H. Murphy, vice-president of the United States Mortgage and Trust Company, has been elected a director of the Locomobile Company, Hare's Motors, Inc., and the Mercer Motors Company.

**BANK OF UNITED STATES**

In its statement of June 30, the Bank of United States shows deposits of \$27,230,699.15 as compared with \$26,541,347.49 on March 15, 1920. Rediscounts at the Federal Reserve Bank which amounted on March 15 to \$4,829,448.14 were reduced on June 30 to \$1,650,000. Total resources on June 30 were \$32,190,177.45.

**J. P. MORGAN TO ERECT \$4,000,000 BUILDING**

J. P. Morgan & Co. have filed plans for the erection of a thirty-three-story building on the site of the present Mills building at Broad and Exchange Place, New York. The tentative estimate of the cost is \$4,000,000. The building forms the eastern and southern boundaries of the Morgan bank building and its control by the Morgan interests precludes the possibility of the erection of any objectionable building and it will also serve to house the many subsidiary Morgan companies whose rapidly expanding business has forced them to find space in various neighborhood properties.

**JUNIUS A. RICHARDS**

Junius A. Richards, formerly with the Guaranty Trust Company, has become associated with the bond department of Edward B. Smith & Co.

**CHARLES F. JUNOD IN WEST**

Charles F. Junod, vice-president of the Atlantic National Bank, has been on a three weeks' vacation in the West, during which he visited his old home in Indiana.

**LUKE J. MURPHY**

Luke J. Murphy, formerly of the National Bank of Commerce in New York, has been elected assistant cashier of the North American Bank.


**TRUST COMPANIES PROSPER**

The resources of the trust companies under the supervision of the New York State Banking Department at the close of business, June 30, 1920, the date of the last

**Resources**  
**\$18,000,000.00**

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**E. H. HUTCHINSON, Vice-Pres.**  
**E. J. NEWELL, Vice-Pres.**  
**C. G. FEIL, Cashier**  
**A. J. ALLARD, Asst. Cashier**  
**G. H. BANGERT, Asst. Cashier**  
**GEO. ULRICH, Asst. Cashier**  
**C. H. FITCH, Asst. Cashier**  
**W. G. WILCOX, Auditor**

**Trust Department**

**CHAS. W. CARY, Trust Officer**

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## The Corporation Manual

Twenty-first Edition—1920

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**United States Corporation Company**

65 Cedar Street, New York

quarterly call issued by George V. McLaughlin, superintendent of banks, aggregated \$3,563,320,535, showing an increase of \$36,000,000 over the last previous call. During the same period their deposits increased more than \$135,000,000, the cash on hand and in banks more than \$32,000,000, and the bills payable and rediscounts in the same period were reduced \$78,000,000.

The State banks increased their resources \$174,000,000, bringing their total resources up to \$1,460,557,017. During the same period their cash on hand and in banks increased \$98,000,000 and their bills payable and rediscounts show a reduction of \$4,700,000.

The private bankers under the supervision of the New York State Banking Department show resources of \$28,159,294, an increase of approximately \$1,000,000.

### FIDELITY INTERNATIONAL ELECTIONS

Following the absorption of the International Bank by the Fidelity Trust Company in New York in July, and the renaming of the combined institutions as the Fidelity-International Trust Company, the following were elected to the consolidated board to represent the International Bank interests.

James C. Colgate, Sumner Ballard, Isaac E. Chapman, Edward W. Harden, George M. Moffett, David Rumsey, Albert Waycott and Courtlandt Linkroum.

At the same meeting William Reed and Charles E. Blackford, Jr., were elected vice-presidents; H. A. Miskimin, assistant secretary, and R. Boomgarden, assistant secretary and manager of the foreign exchange department.

The other officers of the Fidelity Inter-

national Trust Company are Samuel S. Conover, president; John W. Nix, vice-president; Andrew H. Mars, vice-president; Arthur W. Mellen, vice-president and secretary; E. Tilden Mattox, vice-president;



SAMUEL S. CONOVER  
President Fidelity Trust Co.

Stephen L. Viele, assistant secretary; Edward A. Dannenberg, assistant secretary and credit manager; Charles R. Butler, assistant secretary, and Arthur L. McKenna, assistant secretary.



Fidelity Trust Company, New York

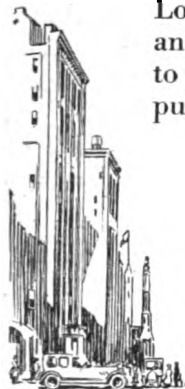
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PHILADELPHIA      PENNSYLVANIA

### BANK BASEBALL IN NEW YORK

The standing of the New York bank baseball teams up to and including the games played July 10 was as follows:

	Games Played	Won	Lost	Average
Guaranty Trust Co....	5	5	0	1000
Chase National Bank...	7	6	1	.857
Bankers Trust Co.....	7	6	1	.857
Liberty National Bank..	4	3	1	.750
Amer. Ex. Nat. Bank...	6	4	2	.667
Equitable Trust Co....	6	4	2	.667
Chemical Nat. Bank....	6	4	2	.667
Continental Guar. Corp.	7	4	3	.571
U. S. Mort. & Tr. Co...	7	3	4	.429
Manufacturers Trust Co.	7	3	4	.429
Bank of Manhattan Co.	6	2	4	.333
Anglo-So. Am. Bank....	6	1	5	.167
Seaboard Nat. Bank....	7	0	7	.000
Atlantic Nat. Bank....	7	0	7	.000

Shortly before this, when the Chase was leading the league and when in Boston the Old Colony Trust Company team was in the same enviable position, Eugene V. R. Thayer, president of the Chase, wrote as follows to Philip Stockton, president of the Old Colony:

We are delighted to note in the Old Colony News Letter that your boys are leading the Baseball League with a record of no defeats. Same here, and this is just a line to express our hope that the final count will result in a "World Series" between Old Colony and the Chase.

### BOOKLET ON TAX LAW

The Guaranty Trust Company has issued a booklet on the New York State Transfer Tax Law.

The booklet contains a reprint of the full text of the law as amended in 1919 and 1920, the amendments being printed in italics. The booklet also contains a summary of the principal provisions of the Act.

### DEVELOPMENT OF GUARANTY BOND DEPARTMENT

In order to facilitate its business in investment securities, particularly outside of New York City, the bond department of the Guaranty Trust Company of New York has been incorporated into a separate company, which will be known as the Guaranty Company of New York, Inc. This new company will have an authorized capital of \$5,000,000. All of the capital stock is to be issued and subscribed for by the Guaranty Trust Company, and it is expected that the new company will begin business about October 1.

The new company will take over the entire business and organization of the trust company's bond department. Its main office will

<b>Citizens' National Bank</b>	
(Chartered 1899)	
ENGLEWOOD, N. J.	
Capital .....	\$50,000.00
Surplus and Undivided	
Profits .....	188,720.00
Deposits .....	1,978,270.00
Albert I. Drayton, Pres.	
A. S. Campbell, Vice-Pres.	
J. B. Lewis, Cashier.	
Collections solicited. Remittance on day of payment at lowest rates. Send us your business.	

be located at 140 Broadway, and it will have thirty-one branches, including offices in the trust company's Fifth Avenue and Madison Avenue branches. Among the more important out-of-town offices are those in Philadelphia, Pittsburgh, Hartford, Boston, Albany, Rochester, Buffalo, Cleveland, Cincinnati, Detroit, Chicago, Minneapolis, St. Louis, Kansas City, San Francisco, Los Angeles, Atlanta and Baltimore.

Charles H. Sabin, president of the Guaranty Trust Company, will be president of the new company and the officers of the trust company's bond department will be elected officers of the new company. Among the directors of the new company will be the managing committee of the trust company: Albert Breton, W. Palen Conway, Eugene W. Stetson, Harold Stanley and Francis H. Sisson.

#### SOME SOUND INVESTMENTS

Hollister, White & Co., have issued a little booklet entitled "Sound and Conservative Investments Which We Recommend." The booklet also contains a convenient table showing the approximate income from stocks paying from five per cent. to eight per cent. at various prices from 75 to 125. The monthly review, also issued by this same company, contains each month a careful survey of the market situation.

#### IRVING NATIONAL BANK

In its statement of conditions as of July 31 the Irving National Bank, New York, shows total resources of \$284,830,981.52. Deposits were \$224,008,324.37; commercial paper and loans eligible for re-discount with Federal Reserve Bank, \$109,455,889.10; cash in vault and with Federal Reserve Bank, \$27,276,265.81. The bank has a capital of \$12,500,000 and surplus and undivided profits of \$10,869,470.36.

The Irving National Bank of New York paid extra compensation to its employees

last month to the extent of thirty-nine and one-half per cent. of their salaries. This action was taken to equalize the high costs of living during the quarter ended June 30. The payment makes the average extra compensation of the Irving staff for the past twelve months thirty-seven and seven-eighths per cent.

#### NATIONAL CITY BANK

According to a report in the New York "Times" interests identified with the National City Bank of New York are contemplating the formation of a new bank, under a New York State charter, and the sale of this bank to the National City Bank. In this way the National City would be enabled to establish and maintain branch offices. One of the principal branch offices, it was stated, would be in the Manhattan Hotel Building recently acquired by the National City Company.

The report that the National City would absorb the Hanover National Bank has been denied by officers of both institutions.

The bank and its associate companies, the National City Company and the International Banking Corporation have offered twenty scholarships leading to college degrees to employees of these institutions.

At a meeting of the stockholders to be held August 26 a proposal to increase the capital stock of the National City Bank of New York from \$25,000,000 to \$40,000,000 will be brought up for vote. The last increase in the capital stock of this bank came on June 2, 1902, and represented an advance from \$10,000,000 to the present capitalization.

#### TRADE OPPORTUNITIES

The August trade letter of the American Foreign Banking Corporation discusses trade opportunities for American exporters in Australia, China, Cuba, Brazil, the Philippines, Manchuria, Shanghai and Canada.

#### A. F. LINDBERG

The Mercantile Bank of the Americas announces the appointment of A. F. Lindberg as assistant manager. Mr. Lindberg is a former member of the Nicaraguan High Commission.

#### UNITED STATES MORTGAGE AND TRUST CO.

To meet the demands of increased business the United States Mortgage and Trust Company of New York has doubled the



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**L**OCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

# Union National Bank

## PHILADELPHIA

*Resources over . . . . \$25,000,000*

space occupied by its 125th street branch at Eighth avenue, by the leasing of the two adjoining westerly stores. The safe deposit space will also be increased.

The officers and employees of the United States Mortgage and Trust Company enjoyed a sail up the Hudson recently. Entertainment features were provided en route and a buffet supper was served by Delmonicos. The party numbered 300.

### F. G. HERBST

Frederick G. Herbst, formerly comptroller of the Columbia Trust Company of New York, has been elected manager of the foreign department.

### APPOINTED ECONOMIST OF CHASE

Dr. B. M. Anderson, Jr., has been appointed economist of the Chase National Bank of New York, having resigned a similar post at the National Bank of Commerce. Dr. Anderson is known as an authoritative writer on financial and economic subjects and is the author of three books as well as many articles for scientific and financial journals. He is a graduate of the University of Missouri in 1906, holds a Master's

degree from the University of Illinois and the degree of Doctor of Philosophy in economics from Columbia University.

### CHARLES ELDREDGE

Charles Eldredge has been appointed assistant secretary of the New York Life Insurance and Trust Company.

### BROADWAY CENTRAL INCREASES CAPITAL

Stockholders of the Broadway Central Bank of New York have voted to increase the capital stock of that institution from \$100,000 to \$200,000. The additional stock will be disposed of to stockholders at \$150 per share. Par value is \$100.

### BANK MERGER NOT DECIDED

With regard to the reported consolidation of the Bankers Trust Company and the Liberty National Bank, Harvey D. Gibson, president of the Liberty, issued the following statement on July 16:

"The matter of the merger of the Bankers Trust Company and the Liberty National Bank has been the subject of informal dis-

cussion for some time. No decision or definite understanding has resulted and we cannot say when anything will occur which could be published properly. The matter has not even reached a point where it could be referred to the Board of Directors.

(Signed) "HARVEY D. GIBSON,  
"President."

#### BANK ATHLETIC COMPETITION

Competition among banking institutions is not confined to the acquisition of new business, the sale of securities or the establishment of trusts—not by any means. Ask the average employee of a big bank who his institution's closest competitors are and he is quite likely to inform you that Such-and-Such has a pretty fast team or So-and-So are leading the league by a few points. Practically all the big institutions are represented on the baseball diamond, and many have golf teams. Now comes tennis activity into the field of banking.

The Bankers Trust Company of New York recently issued a challenge to the Old Colony Trust Company of Boston for a series of matches which was promptly accepted. A match is to be played between these institutions at the West Side Tennis Club, Forest Hills, on September 11th, followed by a match on the famous Longwood Cricket Club Courts at Boston on the 18th. The week following this the Bankers' players meet J. P. Morgan & Company in a match at Forest Hills.

Another season is expected to see a tennis league of financial institutions in New York.

#### HIBERNIA SECURITIES COMPANY, INC.

Harold S. Schultz, manager of the New York office of the Hibernia Securities Company, Inc., at 44 Pine street, announces the appointment of Everett Sanderson who will be associated with Mr. Schultz, and who will have charge of the bond and investment business of the New York office of the company.

Mr. Sanderson is a native of Illinois, and was educated at the Evanston Township High School, Evanston, Illinois, and at Kenyon College, Gambier, Ohio.

His experience as an investment banker has been gained through several years' association with Hayden, Miller & Company of Cleveland, and as assistant manager of the New York office of Stacy & Braun. He is familiar with the municipal bond business; has had experience as a general dealer, and in syndicate operations.

#### OFFICE IN NEW YORK FOR PORTLAND, ORE., TRAFFIC BUREAU

Further indication of the trade development of the port of Portland, Ore., and the organized effort of that thriving municipality to develop its shipping interests, is given in the opening by the joint traffic bureau of the port of Portland and commission of public docks of a permanent New York City office, at 299 Broadway. This office will be in charge of C. A. Lockhart, a traffic man of wide experience. The establishment of this office completes the organization program of the traffic bureau, as an Oriental traffic representative, and one to take care of the North China field especially had already been appointed.

#### CELEBRATES FIFTY-SIX YEARS OF SERVICE

Frederick S. Giger celebrated his fifty-sixth anniversary with the First National Bank of Philadelphia on July 22.

He undoubtedly holds the record for longest service of any bank man in Philadelphia.

#### CENTRAL NATIONAL CHANGES

The Central National Bank of Philadelphia has announced the appointment of Stanley E. Wilson as vice-president. D. R. Carson, assistant cashier, has been given the additional title of assistant to the president.

#### ELECTED MUTUAL BENEFIT DIRECTOR

Charles L. Farrell, president of the National Newark and Essex Banking Co., has been elected a director of the Mutual Benefit Life Insurance Company. Mr. Farrell fills the vacancy created by the death of Marcus L. Ward.

#### NEW TRUST COMPANY FOR PITTSBURGH

Polish residents of Pittsburgh are organizing a new trust company to be known as the Exchange Trust Company. The institution will have a capital of \$125,000 and a paid-up surplus of \$37,500.

#### WHAT SHE WANTED

An opera singer of foreign birth and world-wide reputation walked into the Bankers Trust Company in New York recently, to transact some banking business. Her wants were cared for, and she started to leave the building but suddenly halted. One of the clerks ran forth to inquire if she had forgotten something.

"Yes," she said, "I wanted to get some of those B. V. D. travelers cheques you advertise."

# New England States

## ECONOMIC CONDITIONS IN NEW ENGLAND

**N**EW ENGLAND business conditions are far from satisfactory—not menacing or discouraging, but just far from satisfactory, and the main trouble is transportation. Many mills are closed, especially in textile lines, and many others, particularly in the shoe industry, are on part time, and most of it can be traced to poor transportation. Orders in many lines have been cancelled on account of late deliveries, while the uncertainty of future deliveries keeps buyers out of the market for Fall and Winter goods. The wage advance and the railroad rate advance are hailed by the financial authorities as the factors which will save the situation. There is a chance for a lot of “saving the situation” right in New England, and it is to be hoped that the prophecies of the financial authorities may come true.

New England industries just now are a good deal like a big ship that has full steam up but is not allowed to sail because there may be something wrong with its steering apparatus. New England has the mechanical equipment and facilities, the financial strength, the labor and the will to rush ahead with the production of goods that are needed all over the world. All it lacks is the assurance that transportation facilities will be adequate for moving in fuel and raw materials and moving out the finished products so that reasonable deliveries to customers may be made. Plants in many different lines are shut down, ostensibly for “inventory,” “repairs,” or “summer dullness,” but once assure them of good deliveries coming and going and all these ostensible reasons for shutting down will go into the discard.

To speak in more detail about representative New England industries we can say that while shoe manufacturers are receiving a fair amount of orders, Fall and Winter business is not good by any means. In the wool market conditions show little change and buyers are staying out of the market, while Western growers are shipping wool on consignment. Hides and skins are quiet but

the market is a bit more hopeful as it plays further into the future than is the case with shoes. The clothing business is very dull, and lower prices are certain for the Fall and Winter. Building is moderately active, with prices for lumber and brick fairly firm after a few drops from the record high points of the past months. Big building operations have been withdrawn from consideration in many instances, however, owing to the uncertainty over deliveries. This has had a tendency to make the market for structural steel rather quiet in this section of the country. Cement is in great demand and there is quite a distinct shortage of it in the local markets.

Food prices have not dropped as much as they have in other sections of the country. In fact the general scale of food prices in and around Boston is higher than in New York.

Real estate is very active. Homes are bringing unheard-of prices and little difficulty is experienced in financing the transactions, as when bank funds are not available the sellers are taking back large mortgages at six per cent. and better.

The condition of New England banks is very satisfactory. Rates of five per cent. and over are being commonly paid on savings deposits and this fact is drawing in large numbers of new depositors.



### B. FARNHAM SMITH

B. Farnham Smith has been appointed vice-president of the International Trust Company of Boston, Mass. Mr. Smith was

### Park Trust Company

Park Building, 511 Main Street  
WORCESTER, MASS.  
Capital .....\$300,000  
Surplus and Earnings..... 170,580  
Ralph H. Mann, President  
J. Lewis Ellsworth, Vice-Pres. and Treas.  
George E. Duff, Vice-President.  
Frederick J. Eyn, Assistant Treasurer.  
Send us your Massachusetts collections.



## Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

## The Merchants National Bank of Boston

formerly connected with the Cambridge Trust Company and before that was with the International.

### OLD SOUTH TRUST COMPANY RE-OPENS

The Old South Trust Company of Boston which closed its doors on December 18 last has reported for business. It is stated by Bank Commissioner Joseph C. Allen "that as a result of careful and painstaking investigation and the elimination of bad and doubtful assets, the bank today is in excellent condition to resume business."

### THOMAS M. JAMES COMPANY

Thomas M. James, bank architect of Boston, has announced that his office, established in 1898, is now incorporated under the name of the Thomas M. James Company. The offices of the organization are located at 3 Park street, Boston; American Trust

building, Cleveland, Ohio; and Fuller building, Springfield, Mass. The firm is now better than ever organized to perform architectural and engineering services for all types of banking, commercial and industrial buildings. Officers of the firm as now constituted are as follows: Thomas M. James, president; I. Bertram Marston, treasurer; William H. Jones, vice-president; Russell C. Spring, construction engineer; Lewis W. Foster, Boston manager; Fred A. Wright, Cleveland architect; Wallace E. Dibble, Springfield architect.

### CHARLES PONZI'S TRUST CO. CLOSED

Charles Ponzi, who has handled millions of dollars of other people's money in the last few months, confessed in a formal statement August 11 that he is a former convict. The Hanover Trust Company, Boston, in which he was a director and shareholder and through which he had done a large checking business, was closed by order of Bank Commissioner Joseph C. Allen. Action was taken against the bank because the examiners found that loans had been made which "were excessive and beyond the legal limit" and "many loans that are either bad or of very doubtful value." The bank's capital may be impaired.

### THE PARK TRUST COMPANY

The banking rooms of the Park Trust Company of Worcester, Massachusetts, at 511-515 Main Street, have been recently enlarged and improved.

### Industrial Trust Co.

(Pawtucket Branch)  
PAWTUCKET, R. I.

Capital ..... \$3,000,000  
Surplus and Undivided

Profits ..... 5,809,190

Chester A. Moffett, Mgr.

Chas. L. Knight, Asst. Mgr.

Ernest L. Moffitt, Asst. Mgr.

Collections on this city and vicinity solicited and promptly remitted for at lowest rates. (Succeeded First National and Pacific National Banks of Pawtucket.)

# Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

## ECONOMIC CONDITION IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

**L**ABOR shortage continues to be one of the most acute problems in the South. It is especially sharp in agricultural sections. Men are leaving the country not only for the higher wages of the city, but because of the better living conditions. Where living conditions are better in the South, the farm labor conditions are better. This is proved in a number of instances.

Sawmills and naval stores operators report sufficient labor. These have been suffering not so much from a shortage of men who were able to labor as from a shortage of men who were willing to labor. Only one-fifth of the sawmill hands have been putting in full time. They make sufficient in two or three days to fill their needs, and did not make the mistake of wasting their money by saving it. Now, however, there is a greater inclination to work steadily. Labor in the sawmill sections seems to be getting back on a normal basis.

A tour of the South shows a very great prosperity. Bank clearings in the various sections have increased all the way up to seventy-five per cent. within the past year. Nashville, Tenn., holds that record. Birmingham, Ala., is second, sixty-four per cent. Tampa, Fla., is third, forty-six per cent. And so on. Laborers own automobiles, field hands have phonographs and silk shirts.

Another indication of the prosperity is found in the records of the organized charities. Those of New Orleans are typical. In 1915, the year of the high poverty record, there were 4931 applications for help registered. In 1916, after the first year of the war, the total had dropped to 3911. In 1917, to 3137. In 1918, to 2126. And in 1919, to only 1427.

Notwithstanding the very high purchasing power of the South, a great purchasing resistance is beginning to develop. The public, moved by the continued reports of high profits, and by the warning of the banks to save, seems determined to delay buying until further declines in prices take place.

This is shown in the large stocks of goods on hand, despite the price-slashing that has been so popular the past few weeks. It is further shown in the delay of many Southern merchants to place orders with Eastern mills and jobbers. Wholesale grocery firms report their customers are buying cautiously for immediate delivery. Wholesale drygoods merchants are of the opinion that manufacturers are charging entirely too much. Shoe companies report cancellations amounting to as high as twenty-five per cent. The hardware trade reports a drop in business.

"The credit situation is still stringent," as Sidney Souers, manager of the Mortgage and Securities Company of New Orleans, summarized the situation. "The sales resistance in the retail trade is being followed by cancellations in the wholesale. This will mean a slowing down in industrial activity. This will result in increasing unemployment, and this in turn will send more men back to the farm."

Where labor is available, crop conditions are encouraging. But thousands of acres of production will be lost because of the shortage of labor to cultivate the crops and to harvest them. And smaller acreage was planted. For instance, Georgia has 432,000 acres less in cotton. Mississippi has 60,000 acres less. The average condition of the staple is lower than last year this time.

Decreased acreage to general food crops is also reported. In Georgia, for instance, there are only 4,675,000 acres in corn; last year there were 4,820,000. In 1920 there were 540,000 acres of oats; now, there are

## Bank of Charleston N. B. A.

CHARLESTON, S. C.

Capital ..... \$ 500,000  
Surplus and Profits ..... 800,000  
Resources ..... 15,000,000

E. H. Pringle, Pres.  
E. H. Pringle, Jr., Vice-Pres.  
R. S. Small, Vice-Pres.  
A. R. LaCoste, Vice-Pres.  
G. W. Walker, Cashier.  
J. H. Lucas, Assistant Cashier.  
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.  
Drafts on Charleston drawn with exchange remitted without charge.



## The Form of Contract is Minor The Final Building Result is Major

Doesn't it seem like sound sense to you, that a building contract should be governed by the building conditions; rather than the building be governed by the conditions of a *set contract*?

What you want, are results. The best results, accomplished in the least time, at the least expenditure.

The Underwood Straight-Line Plan insures that. It's

called the Straight-Line, because it's the shortest distance between two points.

It fits the contract to each particular Bank Building condition.

Its "pay-as-you-go" feature, you will at once approve, as sound sense and distinctly to your bank's advantage.

Send for figure facts.



# *Underwood Contracting Corporation*

NEW ORLEANS, LA.

**Atlantic Savings Bank**

CHARLESTON, S. C.

Capital ..... \$200,000  
 Surplus and Undivided  
 Profits ..... 297,270  
 Deposits over ..... 3,698,000

Henry Schachte, Pres.  
 J. H. Jahnz, Vice-Pres.  
 Walter Williman, Cashier.  
 A. C. Koster, Assistant Cashier.

481,000. There were 240,000 acres of wheat; now there are 222,000. There is, however, an increase in peanut and sweet potato acreage.

In Tennessee the corn acreage in 1919 was 3,250,000; this year it is 3,022,000. There were 810,000 acres of wheat in 1919; this year, 424,000. There were 48,000 acres of Irish potatoes; this year 42,000. There were 40,000 acres of sweet potatoes and 110,000 acres of tobacco; this year, there are respectively, 36,000 and 97,900. Crop conditions have improved in Tennessee within the past month.

The citrus season of Florida is over. It was probably the best, so far as price is concerned, ever known. Prospects for next year indicate an increase in oranges but a 25 per cent. reduction in grapefruit production. General crops have improved with the favorable weather.

Louisiana is preparing to harvest the greatest rice crop ever known. Fortunately the labor supply in the rice fields is adequate. The movement is now under way. The first rice of the season was received in New Orleans a month earlier than last year—in the middle of July. The sugar crop prospects are excellent, too, with an acreage 108 per cent. of last year's, and the crop in considerably better condition.

Heavier receipts in naval stores have resulted in price declines. The weather has been favorable to production. Receipts of turpentine and rosin have been about one-third greater this year than last.

Two strikes of major importance were settled in New Orleans during the month of July. They were the metal trades strike, which had lasted eight weeks; and the streetcar-men's strike, which lasted from July 1 to 24. About 3,000 men were involved in each.

The streetcar strike is estimated to have cost the employees \$225,000 in wages, the company \$500,000, business \$1,500,000, and the city \$400,000 in pavements damaged by the excessive use of automobiles for jitneys.

Wage losses in the metal trades strike

are estimated at \$1,000,000. It would be impossible to estimate the total loss of the 26 metal shops involved. The port's business also suffered considerably, because much tonnage was diverted from New Orleans because of the close-down in the repair shops of the port.

There were 50 strikes in New Orleans during the 12 months ending July. They have slowed up production by 200,000 working days, and they have meant a wage loss of \$3,000,000, or \$7.50 for every man, woman and child in the city.

**NEW APPOINTMENT FOR HENRY E. LITCHFORD**

Henry E. Litchford has been elected president of the Federal Trust Company of Richmond, Va., to succeed T. T. Adams. Mr. Litchford was formerly vice-president of the Old Dominion Trust Company of the same city.

**RICHMOND CHANGES**

W. Meade Addison, first vice-president of the First National Bank of Richmond, has been elected president of the Planters Na-



*The Branch*  
 Our First President

**Merchants National Bank**

RICHMOND, VA.

Capital . . . . \$400,000  
 Surplus and Profits over 1,750,000

The Gateway to and Collection  
 Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**

### Atlanta National Bank

ATLANTA, GA.

The oldest National Bank in the  
Cotton States

Capital .....\$1,000,000  
Surplus and Profits..... 1,500,000  
Deposits ..... 24,000,000

Robt. F. Maddox, Pres.  
F. E. Block, Vice-Pres.  
Jas. S. Floyd, Vice-Pres.  
Geo. R. Donovan, Vice-Pres.  
T. J. Peoples, Vice-Pres.  
J. S. Kennedy, Cashier.

tional Bank of the same city to take effect on September 1. Richard H. Smith, former president, has been made chairman of the board.

#### EXPANSION OF MISSISSIPPI BANK

The Merchants Bank and Trust Company of Jackson, Miss., has had a remarkable development during the past five years as will be seen by the following table showing the deposit figures for June 30, since 1915:

June 30, 1915 .....	\$ 869,235.13
June 30, 1916 .....	1,293,509.92
June 30, 1917 .....	2,008,111.30
June 30, 1918 .....	2,236,741.33
June 30, 1919 .....	2,911,751.50
June 30, 1920 .....	3,424,785.54

#### HIBERNIA INCREASES DEPOSITS

The Hibernia Bank and Trust Company of New Orleans had total deposits of \$45,902,957.17 on June 30, 1920, which is an increase of \$12,387,572.21 over the same date a year ago. Total resources of this bank are now \$63,836,967.49.

#### J. WALTER OSTER PROMOTED

J. Walter Oster has been elected cashier of the National Bank of Commerce of Baltimore to succeed G. Harry Barnes, who has retired on account of ill-health. Mr. Oster was formerly assistant to the president.

#### GROWTH OF NEW ORLEANS BANKS

At the end of September, 1919, when the crop movement was well under way, the deposits of New Orleans banks totaled \$186,111,227. At the end of June, 1920, they had risen to \$211,432,397.65, an increase of \$25,321,170.65. Every bank in New Orleans shows an increase without exception. Except for New England, the Central South is the only section of the country in which commercial failures for the first six months of 1920 were less than for the same period in 1919. Louisiana had fewer failures than any other state in the section. These facts



New bank and office building in course of construction for the Farmers and Mechanics National Bank, Fort Worth, Texas. The building will be twenty-six stories, the bank occupying the basement, ground floor and the two mezzanines. The banking room is forty feet high.

give evidence of the remarkable prosperity of this section of the South.

#### RE-ELECTED SECRETARY BY STATE BANKERS

R. N. Sims, vice-president of the Hibernia Bank & Trust Company of New Orleans,



# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President  
SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.  
JOSEPH W. LEFFLER, Cashier

CLINTON G. MORGAN, Vice-Pres.  
WILLIAM R. WEBB, Asst. Cash.

was signally honored by the National Association of State Bank supervisors at their convention in Seattle, July 6, 7, 8 and 9. Mr. Sims was re-elected secretary-treasurer of the National Association, although an amendment to the constitution was required to allow him to hold office, as active membership in the organization is restricted to state bank supervisors. Mr. Sims was formerly state bank supervisor of Louisiana, the amendment being made in his honor because of his recent connection with the Hibernia Bank. The significance of the honor paid him is a tribute to his splendid work for the organization.

### ATLANTA TRUST COMPANY ESTABLISHES NEW DEPARTMENT

It has been announced by F. S. Etheridge, president of the Atlanta Trust Company, that the board of trustees, at a recent meeting, has decided to establish a publicity and new business department. Besides voting favorably upon the department they also voted an increased appropriation for carrying on the work.

The department will be in charge of J. Vincent Corrigan, recently with the Atlanta

Georgian, and formerly for some years with the Mississippi Valley Trust Company of St. Louis.

Mr. Corrigan will have complete charge of all publicity issued by the company, will prepare all advertisements, booklets and other advertising material and will handle some new business work as well.

In quoting upon the new department, Mr. Etheridge said: "We have been looking forward to establishing this department for some time. The company has enjoyed a splendid growth and we intend to do everything in our power to make the new department 100 per cent. productive."

In speaking of his new connection, Mr.

### Opelousas National Bank

OPELOUSAS, LA.

Capital ..... \$50,000  
Surplus and Undivided Prof-  
its ..... 106,300

E. B. Dubuisson, Pres.

C. L. Dupre, Vice-Pres.

Chas. F. Boagni, Vice-Pres.

A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October  
1, 1903. Collections solicited.

**W. R. Rison Banking Co.**

HUNTSVILLE, ALA.

Capital .....\$100,000

Surplus and Undivided Prof- 165,820

Its ..... A. L. Rison, Pres.

Harry M. Rhett, Cash.

Collections will receive prompt attention  
and be remitted for on day of payment.  
Established 1868.

reason to believe that this work will produce results."

**THE NEW PRESIDENT OF THE  
AMERICAN INSTITUTE OF  
BANKING**

Mention has been made already of the election of Stewart D. Beckley as president of the American Institute of Banking. This

Corrigan laid particular emphasis on the splendid training he had enjoyed under G. Prather Knapp, one of the best known financial publicity men in the country, and for some years connected with the Mississippi Valley Trust Company of St. Louis.

"Any success that I may achieve," said Mr. Corrigan, "rightly belongs to Mr.



**J. V. CORRIGAN**

Manager Publicity and New Business Department,  
Atlanta Trust Co.

Knapp. I am surely going to put every ounce of energy in me into the new work and feel very enthusiastic about the possibilities. Such departments have proved highly profitable mediums in other institutions and with the splendid foundation of the Atlanta Trust Company there is every



**STEWART D. BECKLEY**

President, American Institute of Banking

honor was conferred on Mr. Beckley at the convention of the Institute held at Boston in June, and is a just recognition of his fine personal qualities and of the great practical interest he has taken in the educational work of the American Institute of Banking.

Mr. Beckley is cashier of the City National Bank of Dallas, Texas, one of the notably strong and well managed banks of the South, with \$4,186,38.06 capital, surplus and profits, \$25,214,341.71 deposits, and \$31,116,306.64 total resources.

**REPORT OF STATE BANKS**

During the first four months of 1920 the state banks of Georgia have increased their capital \$1,660,000 more than during the same period last year.

# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri.

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

**F**OREARMED by timely warning and a public sentiment awakened to the need of co-operation in the conservation of credit, the central western states are in as good position to cope with the financial problems of the fall as could be expected. Bankers and the business community have no doubt that money will be provided in ample amount to meet all the demands of the crop moving season, even though this may involve some encroachment on the reserve ratio of the federal reserve bank. This is understood to be the policy of the federal reserve board. Moreover, the opinion is expressed by leading bankers that interest charges are not likely to go any higher than their present level—8 per cent. minimum basis for commercial paper and 7 to 7½ per cent. for other forms of accommodation.

These assurances have done much to smooth the way for what was expected to be a period of some discomfort, and the next few months are to pass with much more equanimity than was the case a few weeks ago. Business continues very active, in spite of transportation and fuel difficulties and the borrowing demand in the commercial centers shows hardly any appreciable shrinkage. The grain movement during July, however, was the heaviest in some years and the marketing of this produce has brought about a little relaxation of conditions in the agricultural districts. The country banks are paying off some of their loans, and while the liquidation is nothing like what would be desirable, it has relieved the tension moderately. At the beginning of the month the reserve bank was able to report a reduction in rediscounts and in reserve notes in circulation from the high record figures of mid-July, when borrowings of member banks ran up to the total of \$440,000,000, which compares with a maximum of \$370,000,000 during the whole period of the war, while note circulation was up

to \$542,000,000, also an unprecedented mark. In that time also the bank canceled all its rediscounts with other federal reserve banks, an item which at one time recently amounted to \$42,000,000.

If the money needs of the approaching harvest should make it necessary to reduce temporarily the reserve ratio of the federal reserve banks from the present "legal minimum" bankers will not regard the matter as a cause for uneasiness. They point out that the expression "legal minimum" has been given exaggerated importance because of repeated references made to it in connection with the weekly statements of the federal reserve banks. They do not think it should be regarded as an imaginary line, on one side of which lies security, on the other danger. When the federal reserve act was passed some kind of a legal minimum had to be established, and while it was necessary for the act to cover the point, it was never intended that the figures adopted should be regarded as irrevocably fixed. It was provided that the reserve banks should maintain reserves of 35 per cent. against net deposits and 40 per cent. against reserve note liability; but the necessity for some elasticity and the exercise of discretionary power in the matter was recognized by an accompanying provision that the reserve board might, if occasion should require, reduce these figures for periods of thirty days. The minimum established was regarded as providing safety for the reserve system and as low enough to meet all conditions of normal times; and that probably was true. But the reserve act was passed at a time when no one dreamed of a world war, and conditions exist now which

### Alexander Co. Nat. Bank CAIRO, ILL.

Capital .....\$100,000  
Surplus ..... 100,000

D. S. Lansden, Pres.  
Chas. Feuchter, Jr., Vice-Pres.  
J. H. Galligan, Cashier.  
Frank Spencer, Assistant Cashier.

Send us your Cairo items. Satisfaction guaranteed.

# To Bankers



**THE** Moline Plow Company's Dealers' Contract is an expression of our earnest conviction that our own success depends on our constructive development of the two chief elements of community service—Retailer and Bank.

We seek, therefore, to attract the most progressive merchant and the best bank in each community, by a contract with one, and a policy toward the other, which offer to both an unprecedented opportunity and a mutuality of interest and profit.

We shall be glad to answer the inquiries of any bank or merchant.

**MOLINE PLOW COMPANY**

**Moline, Illinois**

could not possibly have been foreseen. In no department of human activity have the changes been greater than in world finance.

While the reserve ratio of the Chicago reserve bank was maintained during the period of the war at 65 to 70 per cent., there were members of the board even that long ago who advocated a reduction of the 35 and 40 per cent. "legal minimum;" not because it was necessary, but to allow the public to become accustomed to the idea that there was nothing sacred about the established figures. The plan was not adopted, and if the reduction comes it will be without the forerunner of any such educational object lesson; but the public is more familiar with the workings of the reserve system now than it was then, and this may answer the purpose. In this connection it is interesting to note that the Bank of England's ratio of reserves to liabilities is 12.74 per cent. It has been lower, and it was not much higher when the war was in progress.

The strike of Illinois and Indiana coal miners aggravated a fuel situation which already had been the cause of much embarrassment to industry and uneasiness to householders. All through the earlier part of the summer manufacturing was kept going with coal supplies on a hand-to-mouth basis and consumers found it impossible to accumulate any reserves. Interruption of shipments from the mines made the situation still more precarious and in some cases resulted in a still further curtailment of production. The steel mills escaped the full effect of the suspension because of the fact that the larger plants use for the most part coal from eastern fields; but all use some of the western coal for mixing with other fuel and by that much their activities were restricted. Operations are carried on at about 80 per cent. of capacity, and when it is realized that "capacity" means full war production, with the additional facilities acquired in the last three years, that is not so bad. Indeed, the output of the mills probably is larger now than the norm of pre-war times.

The railroad blockades which were caused by the switchmen's strike and lack of equipment are slowly being cleared away. Traffic offered is still greater than the carriers can handle; but the slowing up of business from other causes has helped to relieve the pressure on transportation as well as on finance, and in that respect is not regarded as an unmixed evil. Settlement of the railroad wage disputes and the granting of the rate increase have done much to bring about



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a better feeling among business men as to the prospects for the future.

Another ground for encouragement is the bright promise of soil products for the season. Indications are that all the important food crops will be heavy and this forecast has brought about a material lowering of prices in the primary markets. This, however, is slow in being passed along to the consumer. There is not much likelihood that prices will decline so far that the return to the farmer for what he sells will be discouragingly low, and the good feeling in the country is reflected in a continuation of active retail business, with well-sustained demand for merchandise of all kinds.

Merchants are in the city markets in larger numbers than usual, keeping in close touch with trade conditions and buying cautiously for only their immediate needs. There is great pressure for lower prices of manufactured products; but the resistance, because of the high costs of production, is just as great. There have been some recessions in cottons, woolens, silks and shoes; but the indications are that there

will not be any radical revision downward in the near future, while the shortage of goods in many lines may send the quotations still higher when buying gets under full headway again.

Building operations are far below what was expected this summer, and there is not much prospect of a general revival before next year. High prices and difficulty in obtaining materials are holding up tens of millions of dollars of projects, the plans for which are all ready.

Savings deposits continue to pile up enormously, and this is an element of strength in the situation. The increase for the Chicago banks alone amounts to about \$2,000,000 a week and this rate has been maintained for a year. Investment demand is good for sound securities that offer a return in line with current money market conditions, and there seems to be no lack of available funds when such are offered. The public is very shy of stocks and the speculative markets are at a low ebb. The experience of the last nine months has not been a happy one; but the results perhaps are wholesome.

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DAVID R. FORGAN, *President*

### CELEBRATE ANNIVERSARY

The Great Lakes Trust Company celebrated its first anniversary July 22 with a record of 7,794 accounts opened during the year, \$10,000,000 of deposits and a stockholders list numbering 1,288, the largest number of stockholders owning any bank in Chicago. The banking rooms were filled with flowers sent by friends of officers to commemorate the success of the first year in the history of the bank.

"All the hopes and aims we had when we opened the doors of the bank have been realized, many of them have been exceeded," said President Harry H. Merrick. "Fortune has smiled upon us during our first year and we are confident that she will continue to favor us. I cannot subscribe to any of the doleful predictions currently made by some men in high places. The principal threat against our prosperity has been the confusion of our transportation systems and this situation appears to have been materially improved by the recent wage award. I believe that the more severe reactions of business adjustment are approaching an end and that we are coming to a period in which prices will be more stable and business conditions more nearly normal.

"The Great Lakes Trust Company has enjoyed the friendship and benefited from the co-operation of all Chicago banks in its first year of experience. We are most grateful to the bankers of Chicago and to the stockholders and depositors who have co-operated with us in our attainment of such measure of success as we have achieved. We look confidently into the future."

### NEW BANK FOR DES MOINES

A new bank has been organized in Des Moines—the United States Bank of Des Moines. The capital stock is \$200,000 and the surplus \$50,000. Frank D. Jackson is temporary president and V. W. Miller, formerly of the state banking department is vice-president and cashier. The new institution will be both under state and federal supervision as a member of the federal reserve system. It will be an exclusively agricultural institution and will be open for business September 1.

### UNION TRUST COMPANY APPOINTMENTS

The Union Trust Company of Chicago has announced the appointment of three new assistant cashiers, Philip Weinheimer, Wil-



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liam A. Handtmann, and R. K. O'Hara. These gentlemen have all been connected with the company for a number of years.

**PLANS FOR BROTHERHOOD BANK**

The Brotherhood of Locomotive Engineers Co-operative National Bank will open for business soon in Cleveland, the charter having been granted in Washington.

The bank will be a national bank, capitalized at \$1,000,000, divided into 10,000 shares of \$100 each, with 10 per cent. surplus to be paid in. Stockholders will be confined to the Brotherhood membership, as a protective provision. Dividends will be limited to 10 per cent.

The institution will have commercial, savings and trust department in charge of experienced banking experts already employed. All employees are to be bonded. There also will be a fiduciary department with a man in charge to prepare wills and look after funds at death.

An information division and a women's division are other features contemplated in the plans for the new institution.

The bank's deposits will be placed in Government bonds, which today realize 6 per cent.; in first mortgages and in similar securities.

Organization of the bank was authorized in 1915, but the war prevented carrying out of plans until this year.

As set forth in a circular, the purpose is to aid the 85,000 members, watch over their welfare, furnish information and advice, assist in building homes and provide investment funds for old age or education of children.

In order more thoroughly to inform members regarding the operation of the new institution, the officers are having printed a book on the fundamental principles of banking. The book is now in press.

The circular containing the prospectus of the bank is signed by Warren S. Stone, Grand Chief of the Brotherhood, and W. B. Prenter, First Grand Engineer.

**GUARDIAN CHANGES**

The Guardian Savings and Trust Company of Cleveland, Ohio, has announced the following appointments: To be vice-presidents, W. R. Green, formerly secretary; W. D. Purdon, formerly treasurer; A. R. Fraser, formerly assistant secretary. To be secretary, R. P. Sears, formerly cashier. To be treasurer, L. E. Holmden, formerly assistant treasurer.



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## OPENS BRANCH OFFICE

The Citizens Savings and Trust Company of Cleveland, Ohio, will open a branch office on September 1 at Euclid Avenue and East 101st Street. The branch office will be in charge of P. T. Harrold, who has been assistant treasurer of the company for the past five years.

## NEW BANK OF CLEVELAND

Incorporation papers have been filed for a new Cleveland banking institution to be known as the Midland Bank. It will have a capital of \$5,000,000 and will start with a surplus of \$1,000,000. The new institution will be equipped, it is said, with all departments that a modern bank should have such as commercial banking, savings, trust, investment, real estate and foreign exchange departments. Application will be made for membership in the Federal Reserve system. Officers have not been selected yet, but the board of directors includes the following:

G. D. Adams, president of the Cleveland-Akron Bag Co.; George R. Ball, treasurer of the Ball Bros., glass manufacturers, Muncie, Ind.; R. E. Bebb, president

of the Central Steel Co., Massillon; W. H. Cowdery, president of the American Fork & Hoe Co.; H. M. Hanna, Jr., of M. A. Hanna & Co.; A. W. Henn, president of the National Acme Co.; W. R. Hopkins, president of the Belt & Terminal Realty Co., and Ralph King, investor.

J. I. Lamprecht, president of the National Refining Co.; H. C. Osborn, president of the American Multigraph Co.; S. H. Robbins, president of the Youghioghney & Ohio Coal Co.; Samuel Runner, president of the Bailey Co.; Hugh B. Wick, president of the Elyria Iron & Steel Co.; Christian Zimmerman, treasurer of the W. S. Tyler Co.; T. H. Towell, president of the Cleveland Cadillac Co. and Dodge Bros. motor cars distributor; Thomas L. Sidlo, attorney of Baker, Hostetler and Sidlo; Arthur Seibig, president of the United Banking & Savings Co.

## W. G. LACKEY RESIGNS

W. G. Lackey has resigned as vice-president of the Mississippi Valley Trust Company of St. Louis to take effect September 15. He will continue as a director, however. Mr. Lackey's resignation is in order to



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*1st: When you have surplus  
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*2nd: When you haven't*

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When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over \$95,000,000—and making loans is part of our business.

## The National Bank of Commerce IN ST. LOUIS

accept a position as vice-president of the Marland Oil Refining Company and Kay County Gas Company with offices in Ponca City, Okla.

### MISSISSIPPI VALLEY TRUST COMPANY ELECTS NEW OFFICER

Ralph W. Bugbee of the new business department of the Mississippi Valley Trust Co., St. Louis, Mo., was recently elected assistant secretary of the company at a meeting of its board of directors. Mr. Bugbee entered the employ of the trust company in 1903 and before joining the forces of the new business department two years ago he had been head teller for a number of years. He was born in Jackson, Michigan, and has been a resident of St. Louis for the past 26 years. He is prominent in the councils of the American Institute of Banking.

### BANK CLUB ADOPTS EMBLEM

An attractive gold emblem has been adopted by "The Mercantilians," an organization composed of the officers and employees of the Mercantile Trust Company of St. Louis. The emblem in which the eagle,

the official insignia of the Mercantile Trust Company is prominent, is made into a handsome button for the men and a pin for the women members of the Mercantilians.

The idea of adopting a specific emblem for the executives and employees of the Mercantile Trust Company was conceived by Festus J. Wade, president. He realized that such a button or pin would show individuality for his associates and employees, and would more closely identify them with the Mercantile Trust Company. The unique design of the emblem has attracted much attention.

### CONDITION OF WISCONSIN BANKS

Total resources of all of the banks under the supervision of the State Banking Department of Wisconsin amounted on June 30 to \$517,634,613.71 as compared with \$524,451,710.17 on May 4, 1920. Individual deposits subject to check decreased from \$167,742,113.51 to \$156,878,631.72 as of May 4 and June 30 respectively. Savings deposits, on the other hand, increased from \$107,960,398.05 on May 4 to \$114,571,585.86 on June 30. Loans and discounts, less re-discounts, were on June 30 \$348,836,215.56, an increase of \$1,963,636.27 over the May 4,

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figures. On June 30 there were 825 banks under the supervision of the state banking department, an increase of 7 since May 4.

### NEW HOME FOR KANSAS CITY TERMINAL TRUST COMPANY

The Herbert M. Woolf property on the northwest corner of Thirty-first and Main Streets, Kansas City, has been purchased by the Southern Investment Company, a company composed of officers and stockholders of the Kansas City Terminal Trust Company. The property was purchased for investment and to provide much needed room for the trust company which has outgrown its present quarters at 3043 Main Street which it has occupied since its incorporation in 1913.

The trust company will occupy the corner room in the building after remodeling. Marble fixtures will be installed, the present safe deposit department enlarged and with the added working space provided, the company will be in a position to offer a

complete up-to-the-minute banking service to the territory which it serves.

Within the past year and a half the deposits of the company have increased over 100 per cent., showing assets of over eight hundred thousand and deposits of nearly three quarter million dollars.

### ELECTED PRESIDENT OF MICHIGAN BANKERS

John W. Staley, president of the Peoples State Bank, Detroit, has been elected president of the Michigan Bankers Association



J. W. STALEY

Recently Elected President Michigan Bankers  
Association

at the annual convention recently held at Ottawa Beach. Mr. Staley is also a director of the Chamber of Commerce of the United States.

### RECORD PURCHASE FOR MIDWEST NATIONAL, KANSAS CITY

The Midwest National Bank and Trust Company, of Kansas City, less than four years old, has led all banks in the tenth

federal reserve district in the amount of government certificates purchased in two U. S. Treasury sales June 15 and July 15. This bank bought \$2,000,000 of each issue. Of the issue of July 15, the Midwest National took one-fourth of the entire amount subscribed in that federal reserve district.

**CHICAGO BANKS HALF-YEARLY REPORTS**

Chicago National Banks, between May 4 and June 30, lost \$12,250,000 deposits, and twenty-one larger state banks gained \$28,300,000. Their totals are respectively \$813,900,000 and \$703,600,000. Nationals combined report loans and discounts increased \$12,625,000 to \$755,888,000, and their cash items increased \$11,100,000 to \$284,788,000. The state institutions increased loans \$3,756,000 to \$581,600,000, while cash resources increased \$20,000,000 to \$170,000,000.

The Federal Reserve Bank of Chicago has transferred to surplus account \$9,625,485 from earnings for the first half of the year, making the surplus 90 per cent. of the subscribed capital.

**PLAN NEW WOMEN'S DEPARTMENT**

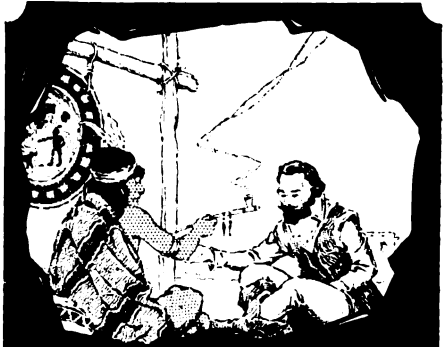
In line with the progressive spirit of the times, The National Bank of the Republic of Chicago has taken steps to install a women's department to take care of the needs of the continually increasing number of women in the business world. With this end in view the board of directors has elected Miss Ethel P. Brigham, who has been with the bank a number of years, an assistant cashier, in charge of the new department.

In its statement of June 30, bank reports total resources of \$43,724,743; deposits, \$29,181,355; loans, \$28,449,539; capital, \$2,000,000 and surplus and undivided profits, \$1,660,588.

Recognizing the continued high cost of living the directors have again awarded to all employees of the institution a bonus of 10 per cent. of their salaries for the year 1920. Half of the amount has just been distributed and the other 5 per cent. will be given in December.

**F. A. CARPENTER WITH ARLINGTON NATIONAL BANK**

After having been connected with the bank only four years, F. A. Carpenter has been promoted to the office of vice-president of the First National Bank of Arlington, South Dakota. He also assumes the position of cashier of the Arlington Investment Company.



**A Bank of Genuine Friendship**

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Today, the First National Bank of St. Louis extends to you, wherever you are, the hand of genuine friendship.

Whatever may be your conception of business warmth and cordiality, you will find it in this institution, whether your relations with us are in person or by correspondence.

**Capital and Surplus  
\$15,000,000**

**Total Resources  
\$170,000,000**



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Why exchange rises and falls as it does, what can be read from its movements and how merchants and bankers take advantage of them, the effect that these movements exert on the other markets—these and like questions are taken up in the first part of the book. The second part describes intimately the practical operation of exchange and the exchange markets, and contains special chapters on arbitrage, international trading in securities, the financing of exports and imports, gold shipments, and other important phases of the subject.

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## ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

URPRISINGLY large crops are sustaining business in the Western states. With a larger supply of cars for moving the great harvest of wheat and for shipping other products, there is every indication that the agricultural industry will soon stimulate business in this territory and contribute generously toward reversing the position of banks from borrowers to lenders in the East. Industrial reaction in other parts of the United States is counted upon to furnish the Western states with more cars for moving crops. However, there is no great optimism over the outlook for transportation facilities, and some conservative bankers are still of the opinion that it will be necessary to issue general priority orders to carriers to insure the proper marketing of the crops of the Western states.

To appreciate the volume of wheat production with which the Western states have been favored, the facts concerning Kansas, the nation's leading grower of the bread grain, are well worth attention. Estimates on the wheat crop of Kansas now range between 150,000,000 and 175,000,000 bushels. A little more than a month ago the crop was expected to be only 115,000,000 bushels, but the actual threshing returns of recent weeks brought about the sharp, upward revisions. The weather just prior to the harvest was so ideal that the berries were fully matured, making possible the larger yields. A year ago the weather was unfavorable for the filling of the berries, and, instead of an increase, the estimates between the date of the harvest and the first reports on threshing results were reduced then about 37,000,000 bushels in Kansas. This state must have an average of 400 box cars every business day in the next twelve months to enable it to market its supply of wheat.

All winter wheat states in this territory are making exceptionally favorable reports on the outturn of winter wheat, but Kansas, as usual, is in the limelight. The straw growth of the winter wheat plant was so

small that the cost of harvesting the crop was reduced. Less labor was required, and there was an over-abundance of harvest hands. As the large crop is being obtained from a sharply reduced acreage, its total cost will be proportionately smaller than the 1919 harvest. So high is the general quality that an increase in the average price of at least ten cents a bushel is estimated by millers and dealers on that account.

In the spring wheat section, the harvest is beginning in a small way. With favorable weather conditions, the harvest will make rapid headway. Black rust has caused some damage, serious in spots, but the losses from that infestation are comparatively slight,

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# **Scandinavian American Bank**

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certainly not so great as some crop advices recently indicated.

For Kansas, Nebraska, Oklahoma and Colorado combined the indicated winter wheat harvest is about 265,000,000 bushels, compared with 280,276,000 in 1919. In the spring wheat states of North and South Dakota and Montana, the crop promises to be 147,000,000 bushels, according to the latest estimates, compared with 90,526,000 last year.

Wheat prices are still exceptionally high, but the market for the grain declined rather sharply the past month. Recessions are not unusual at the inception of the new crop movement, however. There is confidence in a high market on the entire crop, although it is realized that the strained credit conditions throughout the world are exerting a powerful bearish influence on prices. The re-establishment of future trade in wheat after a suspension of that market for nearly three years has proved unfavorable to prices, for dealings have been permitted only in deliveries between December, 1920, and March, 1921. With no business in September futures, there has been no incentive for millers to make hedging purchases against flour sales, while the deferred deliveries have failed to provide a satisfactory hedge, having been quoted at sharp discounts under the cash market, an abnormal relationship. Had the future trade reopened under more normal conditions, it would have been more satisfactory to producers and to banks. Also, such a trade would have increased the demand for loans with which to make purchases of the bread grain. It is generally reported that the abnormal future trade has kept grain dealers and millers who had arranged for lines of credit from making use of these funds. A readjustment is inevitable in time, however. Enormous European requirements are counted upon to

insure a high market in the face of credit restrictions.

The flour milling industry, which usually reports great activity at this season, is experiencing extreme quiet. Buyers are hesitant, and flour stocks over the country are undoubtedly being permitted to fall to a low point. The coming month should witness improvement in flour buying in view of the present position of stocks, and this may bring a turn for the better in the wheat market, the principal source of revenue from crops for the Western states. Bankers are requiring wider margins on wheat loans, but they are greatly interested in the price, because every market change of a few cents on a bushel affects the aggregate income from that grain by millions of dollars.

While wheat is imparting more and more optimism in spite of the tightness of money, there is no little encouragement over the feed situation. Montana, Wyoming and Colorado are not complaining of dry weather as a year ago, when the Northwest was forced to liquidate holdings of cattle and sheep. Kansas, which has been draining bank deposits in recent winters through forced purchases of corn from other states, has the promise of a crop of that feed grain which will give her farmers a large surplus. In this entire section corn and feed crops in general are very promising. Corn is at the lowest level of the year, the progress of the growing plant having depressed values. Other crops, too, have improved the past month. The cotton outlook in Oklahoma is brighter. Fruits and vegetables are yielding well. It is doubtful, in fact, if the general crop outlook was ever brighter at this season.

Abundance of pasturage is favorable to the important live stock industry, but the action of prices on markets is rather dis-



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Total Resources . . . . .	\$43,000,000

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Walter W. Head . . . . .	Vice-President
Ward M. Burgess . . . . .	Vice-President
B. A. Wilcox . . . . .	Vice-President
Frank Boyd . . . . .	Vice-President
Ezra Millard . . . . .	Cashier
O. T. Alvison . . . . .	Assistant Cashier
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W. Dale Clark . . . . .	Assistant Cashier
Edward Neale . . . . .	Assistant Cashier

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couraging to producers. The weight of tight money is being felt throughout the trade. There is a disappointing volume of buying stocker and feeder cattle considering the stimulus to feeding operations derived from the feed outlook. At Kansas City, the country's largest distributor of stocker and feeder cattle, commission houses report that prospective buyers are being held in check by the money situation. With less competition for the heavier grades of grass steers resulting from the reduced feeder demand, the market for cattle is weak. On ranges holders are still reporting pressure to sell from banks and loan companies desirous of liquidating loans. Bankers are nervous over the effect of the tight money market in forcing the sale of breeding cattle, but they say that there is no other resource for the present except to demand the paying-off of many loans. The East is not bidding for cattle loans, taking this paper only to accommodate established connections. With packers' paper offered to yield as high as 8½ per cent., it is not surprising that rates to cattle borrowers are almost prohibitive.

As there has been practically no improvement of importance in the wool market, such great sheep states as Montana and Wyom-

ing are seriously affected. Wyoming is not satisfied with the aid rendered by the Federal Reserve Bank of Kansas City in lending on wool, for that institution refuses to allow more than fifteen cents a pound. Sheep and lamb prices are at the lowest level of the year, with prospects for further recessions as the range movement becomes liberal the middle of August. The feeding lamb trade will be a potent market influence. It is hoped that tight money will not affect the demand seriously, for, with wool demoralized, it is probable that flockmasters will be forced to make relatively larger sales of lambs and sheep out of their bands.

Hogs have made the best showing, but this market is not so high as anticipated. European demand for provisions has not reached a volume sufficient to impart strength to the market. Kansas and Oklahoma are so short of hogs that packers in these states have been going as far north as South Dakota for supplies.

Horses and mules have held well, but as this is the dull season, the market must yet demonstrate its strength. It is probable that it will be marked by cautiousness, with prices depending on the level of cotton and other farm products.

The oil industry increased production, and some classes of refined products have advanced. Oklahoma continued to hold first place among the states of the country in production. The oil industry is still a powerful stimulant to Western business. Drilling operations are active. Refiners have readjusted themselves to the money market, but the industry is conservatively inclined. A somewhat better tone is apparent in lumber, with a slight reaction in prices, but the bloom of the early part of this year cannot be expected to return so long as new building operations are restricted by banks. The lumber trade reports yards in agricultural districts making the best showing in buying, which is significant of the influence of the large crops. Mining operations are less active. In Oklahoma many zinc mines have suspended operations. Montana copper interests are not experiencing activity. Silver producers are profiting from the government purchases under the Pittman Act at the fixed price of \$1 a fine ounce.

Wholesale and retail merchandise trade is more hopeful, but it cannot expect improvement until farmers succeed in selling more of their crops. A bearish feeling as to prices and the tightness of money are inducing merchants to purchase for fall and winter needs in a small way, although there is plainly evident a tendency to acquire larger stocks because of the crop situation than they would be ordering under different agricultural conditions. Automobile business is seriously restricted. Labor is in better supply, but the unemployment reported in manufacturing centers is not yet being felt to an important degree. Bankers are hopeful that a turn for the better in their money market will be witnessed after August. The northern portion of the Western states probably will make a less favorable showing in this report than Kansas, Oklahoma and Nebraska, the latter having greater resources in crops.



#### RAPID GROWTH OF BANK OF ITALY

Since the publication of its statement of June 29, the Bank of Italy, San Francisco, Cal., has increased its paid in capital from \$7,000,000 to \$9,000,000, its surplus from \$1,500,000 to \$2,000,000, while undivided profits are \$1,500,000, making a total capital, surplus and undivided profits of \$12,500,000.

In point of deposits and resources, the Bank of Italy is the largest bank west of Chicago, according to the Wall Street

Journal. Of the western banks, only the Bank of California N. A. of San Francisco exceeds it in capital, surplus and undivided profits. And the Bank of Italy in the year ending June 30, 1920, according to the same publication, made the greatest increase in deposits of any bank in the United States with the exception of one, The Chemical National Bank of New York City, which had merged during the year with another large bank, the Citizens National Bank, New York City.

#### ELECTED PRESIDENT OF SOUTH DAKOTA BANKERS ASSOCIATION

John W. Wadden has been elected president of the South Dakota Bankers Association. Mr. Wadden, who is well-known in



JOHN W. WADDEN

Recently Elected President South Dakota Bankers Association

Northwest banking circles, has been president of the Sioux Falls National Bank and the Sioux Falls Live Stock Loan Company of Sioux Falls, S. D. since April, 1919.

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## ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

**T**HE financial situation on the Coast during the past month has not undergone any marked change. Credit still commands a high price and only such investment offerings as extend liberal yields are attracting investment funds. There appears recently to have been a slight increase in the number of business failures, California, however, showing a decline. This indicates that reconstruction, too, has its casualties, credit restrictions having much to do with the business mortality increase. In general, business is proceeding cautiously and with due regard for the drastic readjustment going on. Wholesalers report that sales are holding up, but difficulty is being experienced in getting goods from the East due to traffic conditions. Retail sales have been about on a par with last month and there has been little change in commodity prices. Collections are good. Labor supply about equals demand, with the possible exception of the cotton growing regions of California and Arizona, and at the present time there are no strikes or labor disturbances.

The movement of fresh fruits is well under way. The Imperial Valley of California has

just finished marketing a canteloupe crop of nearly 8,000 cars, adding many thousands of dollars to the wealth of this fertile region. All the cars necessary for the shipment of fruit and perishable products have been furnished California, but in the Pacific Northwest the present car supply is reported as being sixty per cent. below normal. The Interstate Commerce Commission has ordered 28,000 cars sent here, but they are moving out slowly. Recent favorable weather has improved the condition of deciduous fruits in the Northwest. The navel orange crop of California for 1919-20 equalled eighty-seven per cent. of 1918-19, and the valencia crop now being marketed will amount to about sixty-seven per cent. of 1919. Lemons will equal last year's production. Estimates of the 1920 sugar production of Utah, Idaho, Montana and Washington shows an increase of approximately 800,000 bags. A recent figure places this year's crop at 3,470,000 bags.

Canneries are now in operation at their point of highest activity but total production will undoubtedly be smaller than last year. With sugar, fruit and labor at their present prices canners are disinclined to pack except on actual orders. A shortage of cans and a scarcity of bank credit, although the canning industry has been classed as an essential in this regard, are added factors in the curtailment of production.

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Ranges in the Inter-Mountain region are in good condition but on the Pacific coast they are in only fair shape and indications that there will have to be expensive winter feeding earlier than usual this year.

There is a belief that the downward trend of lumber prices has halted and the market has taken a firmer tone. Car shortages continue to restrict lumbering operations in the Pacific Northwest. Probably fifty per cent. of the lumber mills of the Northwest are temporarily idle and a few have decided to close indefinitely. Building continues active, building permits in nineteen of the principal cities of this district during the first six months of the year showing an increase of 107 per cent. over 1919.

Throughout the Coast the shortage of gasoline is general and preference is being given to agricultural and industrial needs.



**GUARANTY TRUST AND SAVINGS  
BANK**

Many new developments were brought forth at a meeting of the stockholders of the Guaranty and Savings Bank on June 22. In addition to the expected increase in the authorized capital stock from \$1,500,000 to \$4,000,000, two officers were promoted and one new one elected; W. W. Gibbs, Jr., was promoted from cashier to vice-president; W. R. Morehouse from assistant cashier to cashier, and Geo. Carlisle, former chief teller, was made assistant cashier.

The authorized capital stock of the Guaranty Bank will now be increased \$2,500,000, of which \$500,000 will be sold at present, allowing present stockholders to purchase at par one share of the new stock for each three shares of the old stock now held. It is believed that the present rate of dividends will continue with the increase of

capital because of the remarkable growth of the bank during the last year.

The increase in capitalization was made necessary because of the rapid growth of the institution during the past year and a half. The growth in deposits in 1919 amounted



W. W. GIBBS, Jr.

Vice-President, Guaranty Trust and Savings Bank,  
Los Angeles, Cal.

to about \$8,000,000, and for the present year to date the increase in deposits has reached over \$3,000,000. The California state banking law requires a fixed percentage to be maintained between deposits and the capital and surplus, and it is because of this that the bank now finds it necessary to increase its capital immediately. Officers in

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the bank attribute this unusual growth to the general prosperity of the country, particularly the Southland, and to the activities of the bond and trust departments in creating new business.

W. W. Gibbs, Jr., newly elected vice-president, was born in Peterboro, New Hampshire, and moved with his parents to St. James, Minn., where his father became the first railroad land agent in the district. Later the elder Gibbs became proprietor of a hotel in the town, and it was there that the younger Gibbs was raised.

After receiving an education in a country school which was completed at Hamlin University and MacAlister College, Mr. Gibbs entered the employ of the First National Bank of St. James as one of three clerks. After two years in the bank, Mr. Gibbs joined his father in the hotel business, engaging on the side in contracting and building creameries and in stock raising. This he continued until 1899 when he re-entered the banking business as an employee of the Northwestern Bank of Minneapolis.

Within three years Mr. Gibbs came to Los Angeles to work for the First National Bank. In 1910 he left that institution and joined the force of the Guaranty Bank as assistant cashier. Following the death of Mr. Hillman in 1918, he was elected cashier, and his rapid progress has carried him to the position of vice-president.

W. R. Morehouse, recently promoted to cashier, was born in Michigan and came to Los Angeles at the age of three. His first experience inside banking quarters was as assistant cashier of the First National Bank



W. R. MOREHOUSE  
Cashier

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of San Jacinto, Cal., where he remained for three years.

For two years Mr. Morehouse was out of the banking business studying assaying, but he returned to the San Jacinto Bank, remaining there until 1904. He then came to Los Angeles and entered the employ of the Columbia Savings Bank and later joined the force of the Union Bank of Savings upon their consolidation. Through further

consolidations, Mr. Morehouse became a member of the force of the Guaranty Bank, where he was elected assistant cashier.

By no means has Mr. Morehouse confined himself to work inside the bank, for he is known as the author of five books and has earned for himself a national reputation as a financial advertiser. His work along the



GEO. CARLISLE  
Assistant Cashier

lines of business building for banks has brought him recognition from bankers and financial advertisers all over the United States, resulting finally in his election as president of the Financial Advertisers' Association two years ago.

George Carlisle, formerly chief teller, was promoted to assistant cashier. He hails from New Jersey, although he has spent most of his life in California. He became a banking clerk in the First National Bank of San Francisco. He came to Los Angeles in 1904 and affiliated himself with the Broadway Bank and Trust Company, joining the Guaranty Bank in 1908. Since that time he has been with the exchange and savings departments, and has served as chief teller since 1915.

On July 1 more than \$72,000 was distributed by the Guaranty Bank among its employees. The distribution was made under an employees' profit sharing plan which was

put into effect the first of this year. This is the first regular semi-annual disbursement made by the bank under the new plan. All employees in the service of the bank six months or longer participated, the amount received by each individual being based upon value and length of service. Over 150 employees received a share of this distribution.

The purpose back of the profit sharing plan is to give a reward to employees for faithful and efficient service and loyalty to the bank.

#### CONDITION OF OREGON BANKS

On June 30, 1920, the total resources of all of the banks in Oregon amounted to \$348,942,849.27, an increase of \$64,497,502.92 as compared with the corresponding date a year ago. Deposits subject to check on this date amounted to \$164,804,505.08, an increase of \$22,892,511.32 over a year ago. United States bonds on hand amounted to \$8,789,219.25 as compared with \$12,420,022.30 a year ago, a decrease of \$3,630,803.05. The number of banks in the state on June 30 was 279, an increase of 13 in a year. Of these banks, 92 are national banks, these latter having increased by 4 since a year ago. These figures are from Abstract No. 56 compiled by Will H. Bennett, superintendent of banks.

#### THREE SAN FRANCISCO BANKS CONSOLIDATE

Consolidation of the Savings Union Bank and Trust Company, the Mercantile Trust Company of San Francisco, and the Mercantile National Bank of San Francisco, under the name of the Mercantile Trust Company, is effective.

Officers of the consolidated institution are announced as follows: John D. McKee, chairman of the board of directors; John S. Drum, president; R. B. Burmister, vice-president and cashier; Henry T. Scott, Joseph Hyman, C. O. G. Miller, F. G. Drum, Parker S. Maddux, T. M. Paterson, W. B. Bakewell and O. Ellinghouse, vice-presidents; R. M. Sims, vice-president and trust officer; R. M. Welch, secretary; J. C. Hughes, trust officer.

The Mercantile Trust Company will maintain banking offices in the Savings Union Bank and Trust Company building, at Market and O'Farrell streets and Grant avenue, and in the quarters of the Mercantile Trust Company of San Francisco and Mercantile National Bank of San Francisco, at 464 California street.

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FOURTH YEAR

SEPTEMBER 1920

VOLUME CI, NO. 3

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## Making Use of the Edge Law

**S**OME opinions of bankers and others are presented in this issue of THE BANKERS MAGAZINE as to the best method of utilizing the new Edge Law. Both in correspondence and conversation a good many bankers have professed ignorance of the measure, while others have expressed indifference or open hostility. There are those who look upon the law itself with approval, but consider the present an inopportune time to make use of it.

The proposal received with most favor by the more important banks of the country is that originally put forth by Mr. John McHugh, vice-president of the Mechanics and Metals National Bank of New York, which contemplates the organization of a single large Edge Law Corporation, with a capital of perhaps as much as \$100,000,000. This corporation would cover the entire country, and would be the instrumentality created and employed by the banks generally for financing their foreign trade, so far as that is to be done by an investment organization. Naturally, some opposition may develop against a corporation of this character on the ground of monopoly and because of the possibility that it might be dominated by the great financial interests of the East. It might be found, in practice, that these objections are less formidable than appears. Undoubtedly, a corporation of the character indicated would have some advantages over a multiplicity of smaller concerns. In the first place, it would have the greater efficiency usually attaching to large organizations, and by its capital and the character of the management should tend to command a high degree of public confidence. As it will be primarily an investment organization, under the necessity of widely distributing its securities among the people, this latter consideration will prove of the utmost importance.

The banks of the country can hardly look upon such an organization as a competitor. Rather is it to be regarded as an instrumentality which the banks have created for doing unitedly that which the stockholding banks could not do singly. It is a special form of mechanism, to be established by the banks acting together

for the purpose of aiding foreign trade through the sale of obligations of the new corporation to the public. And since its investing features will no doubt predominate largely over the banking functions, the new Edge Law Corporation can hardly become a serious competitor for business with the several foreign banks already established and in successful operation. It will rather supplement their functions by engaging in a phase of foreign investing which these banks are not well equipped to carry on.

There appears, therefore, every reason why all the banks of the country should welcome the organization of a large Edge Law Corporation, such as Mr. McHugh proposes.

As to the propriety of organizing such a corporation immediately, that is doubtless a matter of opinion. In the prevailing state of the investment market some difficulty would probably be experienced in placing among the investing public any large volume of the debentures of the new corporation, although it would probably prove no very difficult matter to secure the \$50,000,000 or \$100,000,000 needed for the organization of the corporation itself. Before the new corporation can function effectually considerable work is necessary in an educational way among bankers and those interested in foreign trade. As this will require time, perhaps it would be well to take without further delay the initial steps for forming the corporation, so that when the time is opportune for launching it, and when its services will be urgently needed, the organization will be ready to enter the field.

The Edge Law offers a very great opportunity of adapting our financial mechanism to the needs of foreign trade at a time when such an institution as the new law contemplates could be of great service both here and abroad.

It is expected that the matter will come up for practical action at the forthcoming convention of the American Bankers Association in Washington. Meanwhile the bankers of the country will find the study of the subject of very great practical value. It is hoped that the views presented in this number of THE BANKERS MAGAZINE will help in crystallizing opinion and ultimately lead to effective action in relation to this important matter.



## The Undiminished Crop of Gullibles

**B**OSTON has recently given the world fresh illustration, if any were needed, to prove that the crop of those willing and in fact eager to be swindled has not appreciably diminished with the flight of time and the supposed advancement of human intelligence. New Englanders as a class are proverbially shrewd,



and the difficulty of separating them from their money for any legitimate enterprise is well known. Hardly any business center in the country has a higher reputation for conservatism than Boston. In learning and culture the city has been styled "the Athens of America." How much this reputation for shrewdness, conservatism and intelligence is deserved, the operations of Ponzi clearly demonstrate. Of course, not all his dupes were Bostonians or even New Englanders. They came from all quarters, New York furnishing its full quota. Probably Ponzi figured that no better place for his operations could be found than in a city and among a people bearing such a high reputation for shrewdness, intelligence and financial probity. A Boston office tended to disarm suspicion at the outset among his prospective "investors."

The fact is, however, that favorable ground for such an exploitation of the gullible could be found in almost any large city of the country and in various parts of the world. London, New York, Paris and other cities have not been exempt from a kindred notoriety which Boston has only recently attained.

"Mostly fools," said Carlyle of the population of England—an observation which "Puck" broadened by applying it to all mortals. As the temperature of the human body shows no substantial variations amid the burning sun of Africa and the frigid regions of the poles, so the element of credulity varies but little among the most enlightened and the most ignorant. The strength and the adaptability of the lure to the environment need only to be considered. Indeed, there is not a little evidence tending to prove that the greatest minds frequently accept the most fantastic doctrines and are the readiest to act along lines contrary to ordinary common sense. Religious fakirs have long understood this, and they usually find their dupes among those whose minds are trained to the keenest sort of speculation. It may be that Ponzi in choosing Boston as the scene of his exploits understood this principle and acted on it. Probably, however, he merely guessed that a good crop of gullibles could be found anywhere. He found a condition of the public mind absolutely sympathetic and receptive to his lure. Never were there so many people feverishly anxious to get rich in a hurry—to make money irrespective of giving any equivalent in goods or services. The punishment these people have received does not fit the crime, for they are moral swindlers and are just as crooked as any other person who tries to gain something from the community without giving adequate value in return. They are guilty of profiteering of the most criminal type, and it would be an advantage to the community if they could be brought to book as Ponzi has been.

In noting how easy it was to get money from a large number

of people, and in quite substantial sums, one can not fail to recall that at the present time it is exceedingly difficult to obtain money for legitimate capitalistic investment. Public utilities, home and foreign enterprises of all sorts whose operations are essential to the public welfare do not find it at all easy to get the funds they require.

Where lies the blame for the state of affairs which this Boston experiment in meteoric finance reveals? To argue that people could be cured of a monetary mania of this type might be to assume the oft-disputed perfectibility of human nature. But surely something may be done to instruct people as to the primary principles which should always be observed in parting with money for investment purposes. Through the instrumentalities of the Federal and State governments, the schools, the bankers associations and other organizations and the banks of the country in their individual capacities a campaign of sound investment education should be initiated and maintained. Next to the physical and spiritual health of the community, hardly anything is of more importance than to have the people to understand the public and private benefits which flow from the wise care and proper investment of money. It is the fashion of radicals and of those who never think to denounce "capital." A most useful service could be performed by somebody who would show how capital is obtained and the gain to the public welfare through its wise employment.

Here is a great constructive work that needs to be done now. Who will undertake it?



## The Comptroller's Criticism of High Interest Rates

**I**N a statement made public on August 10 the Comptroller of the Currency expressed very severe condemnation of what he styles "the unjustifiable and excessive interest rates maintained in New York city in the past ten months." He estimates that on June 30, 1920, the aggregate demand loans of the national banks, state banks and trust companies of New York were over \$1,000,000,000. Discussing the rates charged on loans of this character the Comptroller says:

"Interest at one per cent. on \$1,000,000,000 of call loans would amount to \$10,000,000 per annum, or about \$30,000 per day. Therefore, whenever banks in New York city raise the rate on all call loans under their control one per cent., it adds to the net profit of the lending banks about \$30,000 per day or more.

“An advance of six per cent. in the call rate from six to twelve per cent. would, therefore, amount to an additional profit to the banks of \$180,000 per day; and if the interest rate on all call loans should be made sixteen per cent. instead of six per cent., the increase in interest charges for each day would be \$300,000; while a twenty per cent. call money rate would mean a net profit per day of \$600,000, which means enormous earnings to the lending banks but a burdensome if not a ruinous exaction upon borrowers.

“It is not believed, however, that the interest rates on all call loans in New York city are affected by the daily changes in the call money rate; but it is unquestionably true that the change in the call money rate has affected and does affect scores of millions of dollars of demand loans and has imposed a heavy and wholly unnecessary burden on legitimate borrowers.

“I will emphasize, in conclusion, that I am convinced that the unjustifiable and excessive interest rates maintained in New York city in the past ten months covered by my request for data, and which I am informed have in some cases gone as high as fifteen and twenty per cent. or more have been one of the potential causes, rather than the result, of the unsettling of values in our securities market, and of the burdensome rates which our railroad and industrial corporations and other concerns and individuals of the highest credit have been required to pay for new capital essentially needed for the country's development and well-being.”

To be entirely fair, the Comptroller might search for some other explanation than the mere desire of the banks for piling up profits to account for the advance in rates. As an ex-officio member of the Federal Reserve Board he can not be ignorant of the causes for such advance. He is fully cognizant of the general credit situation.

A call loan rate below the yield on first-class securities would tend to drain the credit of the banks for investment purposes, and would also encourage speculation. Such an outcome is precisely what the Federal Reserve Board, of which the Comptroller is a member, is trying to prevent. The banking funds are more urgently needed at the present time for other purposes.

On August 25 a statement was sent out from Washington by the Federal Reserve Board, in which appeared the following from the summary furnished by the Associated Press:

“The result sought to be accomplished by the board when it asked the banks to restrict the credit of so-called non-essential and speculative enterprises is being attained, but not without the aid of higher interest rates.”

It is difficult to see how the result could have been reached in any other way. Banks do not find it easy to deny loans to regular

customers who are in good credit. About all they can do, generally speaking, is to explain the comparative dearth of banking credits and the necessity of keeping loans within the bounds of prudence which the Federal Reserve Board has prescribed. Short of absolute denial of loans, which as has been said is more or less impracticable, the bank must exact a higher rate. The tendency of this policy is to check further expansion of loans.

Nobody who understands the importance of the demand loan market in New York would advocate its immediate and total suppression. Such a step would prove disastrous. Since the banks can not shut down on these loans altogether, they are thrown back upon the alternative of charging a higher rate, and this tends to restrict the expansion of loans of this character. Thus a considerable share of banking credit is withheld from investment and speculation and rendered available for commercial purposes. It is, of course, far from true that demand loans represent in all cases loans made for the purposes of buying investment securities or for speculation.

No doubt the high rate on demand loans does tend to keep down the price of securities, because it lessens the effective demand for them. But that is an incident of the situation which can not well be avoided. Furthermore, the law of compensation obtains here as elsewhere. Generally the shoe is on the other foot, the borrower on demand getting a lower rate than that granted to time borrowers. In the long run things will probably be evened up by the working of the law of averages.



## Proposed Increase of Postal Savings

**T**ESTIFYING recently before a committee of the United States Senate, Eugene Meyer, Jr., former managing director of the War Finance Corporation, advocated a policy which would have for its object the increase of deposits in the Postal Savings Banks. He proposed to extend the number of post offices authorized to receive such deposits to include all the offices in the country, and that the rate of interest on deposits should be advanced from two per cent. to four per cent. Figures were cited showing the United States to be much behind other countries in the matter of postal savings deposits and savings deposits of all kinds. These latter figures are probably subject to considerable qualification in failing to take account of various forms of savings not included in the ordinary savings banks.

One reason why Mr. Meyer favored an increase in the deposits

of the Postal Savings Banks was because this would afford a fund sufficient, in his opinion, to absorb some \$2,500,000,000 of floating indebtedness in the form of Treasury certificates and ultimately to absorb a considerable part of the bonded debt.

It hardly need be pointed out that this would merely represent a form of debt conversion from Treasury certificates and bonds into entries in savings pass-books. One debt is "paid" by creating another of a different kind. On the score of convenience there is some doubt as to the wisdom of changing a time debt into one payable on demand.

That good results would come from a general increase in savings, as Mr. Meyer points out, is true. But the stimulation of savings may be carried on through the existing institutions quite as well as through the Government banks. In some states the publicity policy of the mutual savings banks has been far from progressive, to put the matter mildly. The stock savings banks and the savings departments of national banks, state banks and trust companies have done better, although many of them could still do much more.

Probably if the rate paid on deposits by the Postal Savings Banks should be advanced to four per cent., which is about equal to the highest rates paid by the other savings banks, the latter would find themselves in pretty severe competition with the Government banks.

Deposits in local savings banks are largely used for building homes in the vicinity where the banks receiving such deposits are located and for sustaining local industries. A policy that would tend to draw these funds away from the points where they are much needed at present would not be a wise one. Would not that be the tendency of the policy which Mr. Meyer recommends?



## The New Consortium for China

**A** PRELIMINARY report on the new consortium for China has been issued by Mr. Thomas W. Lamont, who recently visited China and Japan for the purpose of endeavoring to remove some of the friction which has developed as a result of this attempt to furnish financial support to the so-called Chinese Republic. The report is a most interesting one, telling as it does of the hostility to the plan encountered both in Japan and China. Through Mr. Lamont's tactful handling of the matter it was possible to remove most of this hostility and to enlist the support of both countries in behalf of the new plan.

As the details of this arrangement have been discussed already

quite fully in the financial press, it is unnecessary to retrace this familiar ground. As is well-known, the present consortium succeeds the previous combination of six of the western powers formed with the same object in view. Its membership, however, has been considerably enlarged.

One of the most significant paragraphs to be found in Mr. Lamont's admirable presentation of the subject is this:

"Owing to the war the British and French markets may be unable for some years to come to purchase any large amount of foreign securities either of China or of any other nation. The American Group, therefore, has by force of circumstances jumped from an inconspicuous position in the old consortium to one of prime importance in the new."

In other words, at the present time the United States probably is in a better position to be of service to China than it ever has been before or may be soon again. Should we take advantage of this opportunity it would not only prove helpful to China at a time when our help is sorely needed, but would render to China a service which that country would not be likely soon to forget. Fortunately, the general sentiment in China is favorable toward this country, and now that, thanks largely to Mr. Lamont's tactfulness, Japanese opposition to the consortium has been overcome, it would seem that this new plan for Chinese financing should receive the hearty support of American bankers and the public generally.

The great drawback to the success of the consortium is found in the political instability in China at present. Despite the weakness of the central Government, however, there are many local units of Government entirely responsible. Nor is it improbable, with the improved economic position of the country, that general political stability may follow in time. At all events, the leading nations acting in concert will assure that financial aid rendered to China will be more effectually and unselfishly employed than could be possible were the financing left to any single nation.



## The International Chamber of Commerce

**M**UCH good may follow the organization of the permanent International Chamber of Commerce effected at Paris in June last. Business men and statesmen realize that a great deal of friction arises between individuals in the different countries through a multiplicity of trade regulations, all more or less bur-

densome, and some of them very much in need of clear interpretation in order to make compliance with their terms at all possible. These complex trade regulations might be much simplified, and thus the ground for the differences referred to would be removed. Such individual differences multiplied many times constitute one of the causes of war. Whatever permanently smooths international commercial relations tends toward permanent peace. Trade between nations could be rendered so easy and pleasant that the nations could hardly avoid becoming friendly with one another. The relations would be reciprocal. Possibly, in the course of a few centuries, the idea might be developed among the right-minded nations of the world that mutually beneficial trade relations offer more solid advantages than war. If the expression of this view represents an extreme and unwarranted degree of optimism, it at least may be said that the organization of an International Chamber of Commerce represents the aim of sincere and intelligent business men to work in practical fashion to bring about closer international commercial relations through a development of trade and finance. The aim is wholly worthy and deserving of the heartiest support on the part of American bankers, manufacturers and business men generally.

In another part of this issue of THE BANKERS MAGAZINE will be found a brief summary of the Paris meeting for organizing the International Chamber of Commerce.



## Mounting Profits of the Federal Reserve Banks

**G**OVERNMENT banking as carried on by the Federal Reserve Banks is evidently highly profitable, so much so in fact that were the profits earned by individuals or banks instead of by the Federal Government, the attention of the authorities would have to be called to the matter. Of course, the King can do no wrong, and while it would be extremely wicked for the member banks or for individuals to make any such profits as the Federal Reserve Banks are now earning, the fact that these are semi-Government concerns absolves them from the charge of profiteering which would otherwise lie against common mortals.

The member banks whose capital contributions to the Federal Reserve Banks were forced and whose reserves were summarily taken away from them, no doubt look upon the huge profits of the Federal Reserve Banks with no little envy. These profits go al-

most entirely into the Treasury, the banks which contributed the funds out of which the profits are made getting only six per cent. out of the 151 per cent. which, according to recent figures, the Federal Reserve Banks are now earning.

Not only do the member banks regard with moist mouths these juicy earnings of the fat Federal Reserve Banks, but they wonder why with all the lofty protestations of the latter about "parring checks" they continue to defer credit of checks sent them for collection, thus in effect making a charge on such checks. With so much money at their disposal, generously "contributed," under threat of the death penalty, by the member banks, the latter can not well understand the indisposition of the Federal Reserve Banks to absorb the "float" which the collection of these checks involves. An inappeasable hunger for profit would seem to afford the true explanation.

But it is not the member banks but the business community which has the most solid ground for complaining of these huge profits. They are only made possible by the imposition of unnecessarily high rates of rediscount or by the performance of wholly useless functions, such as the rediscount of commercial paper for the purpose of securing notes which the member bank might as well issue itself.

With all its costly entourage of Federal Reserve Board, Advisory Council, Governors, Deputy Governors, etc., etc., Federal Reserve Agents, and a glittering array of expensive financial flunkies, the Federal Reserve Banks are still able to earn a profit of 151 per cent. a year. This profit is mostly unnecessary and constitutes a burdensome tax upon the country's production and trade.

## The Presidential Campaign

**O**UR quadrennial political conquest, which was this time to be a "great and solemn referendum" on the League of Nations, seems to have degenerated into a mud-slinging contest marked chiefly by accusations of one party against the other in regard to the collection of campaign funds. On one side it is charged that some \$15,000,000 is to be paid in by "the interests" in an endeavor to buy the Presidency; on the other it is charged that the "wets" are to contribute some \$10,000,000 in lively expectation of favors to come. Thus does the spiritual exaltation marking this "great and solemn referendum" strangely manifest itself.

As to the League of Nations issue, very little additional light



has been thrown on the matter during the campaign. Mr. Cox simply says: "Wilson, that's all," which interpreted from the dead language means that Mr. Cox is in favor of the simon-pure Wilson brand of League. Mr. Harding says he does not favor that brand, and that herein lies the difference between him and Cox. Mr. Harding is brewing (or would "distilling" be the more correct dead language form?) an association of nations plan of his own. When he gets the concoction finished, puts his own label on the bottle, and underneath a slogan, "Made in America," people may prefer it to the Wilson brand. At present Mr. Harding's association of nations plans has all the charms of hazy distances and of mystery, while Mr. Wilson's scheme stands exposed to the pitiless light of publicity.

In what has been said above it has not been the aim to ridicule our Presidential elections or to discredit the personal standing of the candidates. But do not the facts justify what has been said? Indeed, it is remarkable that, with so many vital questions pressing for solution, the campaign should have sunk to the low level which it has reached. There is mightily little enthusiasm for either candidate, and the presentations of the issues thus far have aroused scant interest. The candidates do not speak as those having authority. Their utterances lack the ring of sincerity and of truth. If they really believe in anything worth while they have failed to put their beliefs in impressive form.

There is yet plenty of time for a dignified and serious presentation of the issues of the campaign. Perhaps it is only to be expected that in the earlier stages of the canvass the candidates should employ their energies in sparring for position. Later the contest will settle down to a real struggle over the questions about which the two parties really differ.

That a Presidential campaign should rise no higher than a contest between ward politicians would mark a deplorable condition in our national politics. Before election day comes it is quite possible that the present canvass will be lifted out of the slough into which it has fallen—a consummation devoutly to be wished.



## With Regard to Our Prize Contest

**T**HE BANKERS MAGAZINE had hoped to announce in this number the winners of the prize contest for articles on banking subjects which closed on May 1, 1920.

Owing, however, to the large number of papers submitted and to their general excellency, the task of elimination and of the selection of the winners has been extremely difficult and has resulted in an unforeseen delay. It is hoped and expected, however, that the winners will be definitely announced in the next issue.

The results of the contest have more than exceeded the expectations of the Editor both in the high quality of the papers submitted and in the wide interest displayed in the contest by bankers in all parts of the country. It is gratifying to feel that bankers are taking such a keen interest in our banking problems and are ready to devote their time to a serious study of these matters.

All of the winning papers and many others will be published in the magazine during the coming year. As the papers cover a wide range of subjects in which bankers are interested, it is expected that their publication will result in making the Magazine more than usually valuable and interesting to its readers.—*The Editor.*

# The Edge Law—What Shall We Do With It ?

## Bankers and Others Give Their Views on the Question

**I**N passing the Edge Law providing for the organization of corporations to finance foreign trade and investments Congress has placed in the hands of the American people a most effectual means of extending our financial and commercial relations. What use is to be made of this new instrumentality will depend, in the first instance, upon what action the bankers of the country take in making the law operative. Opinion seems to be crystallizing in favor of the formation of a single large corporation, with a capital of perhaps as much as \$100,000,000. In effect such a corporation would be the mechanism which the shareholding banks would set up to assist in carrying on their foreign trade operations, just as the Federal Reserve Banks are the agencies which the member banks have established to perform certain other banking functions.

Believing that the utilization of the Edge Law is a matter of vital concern to the banking and business interests of the country, **THE BANKERS MAGAZINE** herewith presents some views on the subject from bankers and others.

### ACTION OF THE AMERICAN BANKERS ASSOCIATION

The American Bankers Association at its annual convention in September, 1918, adopted a resolution pledging itself "to support by every means in its power the development of export trade, to encourage manufacturers to enter upon this field of distribution, and to provide, as rapidly as possible, adequate facilities for financing export operations sufficient to meet every reasonable demand that may arise."

At the same time, the association authorized its president to appoint a committee on commerce and marine "to

study this important question and bring it before the association."

This committee in its report made to the executive council of the association last April restated its belief that America's foreign trade, both export and import in proper relative volume, is a prime essential to a satisfactory and prosperous domestic situation, particularly with regard to labor.

It was at the annual convention of the Association, held last October, that the committee stated, with respect to the creation of America credits abroad, that "it is confidently of the opinion that the necessary financial machinery in the form of a large, capably managed and thoroughly equipped organization, with which the bankers, business men and manufacturers of this country would become identified and which might very properly be initiated and supported by the members of the American Bankers Association, should be provided with the least possible delay." The committee added: "Such an organization should have ample capital and be sufficiently resourceful to extend credits running into the largest figures that can be required for the purchase of American products, and its efforts should most certainly be supplemented by the maximum of production here, in order not only that our own people be kept well and profitably employed, but that they be not subjected to the payment of excessive prices for their own needs. If such financial machinery were provided and had the support of the members of the Association, there could be no question of its success, and its success would find reflection in prosperous conditions in every section of the country."

Believing that the sentiment of the bankers of the country as to measures which might be wisely undertaken un-

der the Edge Act would be much more quickly ascertainable if proposals more or less concrete were submitted, Mr. John McHugh, the Chairman of the Commerce and Marine Committee, formulated, last spring, a plan for the financing of America's foreign trade. This plan was submitted first to the members of the committee, and after consideration by them was with their approval sent to the officers of the association, the members of the executive council and to members serving on various association committees, to member banks in the large cities and to member national banks throughout the entire country.

From the many hundreds of replies received from the bankers of the country after considering this plan, the committee came to be very confidently of the opinion, and so reported to the executive council of the association last April, that such an organization as contemplated in the plan "can be readily brought into existence by the uniform effort of the bankers, exporters, manufacturers and others of this country who appear to us to only await leadership." The report was accepted and approved by the executive council.

President Richard S. Hawes of the American Bankers Association stated at St. Louis, August 8, that the administrative committee of the Association had approved plans for a proposed corporation for maintaining and developing foreign markets for American products. The purpose of the corporation would be to enlist co-operation in ways suitable to bankers, exporters, importers, manufacturers and producers in general in the maintenance and development of America's foreign trade.

It was following conferences on the organization of a foreign trade financing corporation on lines endorsed by the American Bankers Association, held between a special committee appointed by President Hawes and representatives of other national organizations interested in the maintenance and development of America's foreign trade, that the administrative committee of the

association unanimously adopted at Chicago, July 26, a resolution stating:

*Whereas*, the foreign trade financing plan formulated by Mr. John McHugh, Chairman of the commerce and marine committee of the American Bankers Association, and endorsed by the executive council of the association at the spring meeting at Pinehurst, N. C., April 28, 1920, is developing in a manner making possible co-operation in it on a wide and effective scale by banks of the country, exporters and importers, manufacturers and producers generally, and whereas the identification of the American Bankers Association with this plan has been consistently and progressively in accordance with the reiterated policy of the association, therefore, be it resolved that the administrative committee of the American Bankers Association notes with approval and satisfaction the development of this policy in Mr. McHugh's plan and urges as an essential to its success the acceptance by Mr. McHugh of the position of chairman of the board of directors of the foreign trade financing corporation to be organized under the plan formulated by his committee and endorsed by the executive council of the association.

The plan as presented to the executive council of the association, "outlines the possible formation of a corporation under the Edge Act by the co-operation of the bankers, exporters, manufacturers and others of this country." The plan, it was stated in the report to the Council, "does not suggest further inflation. Of that we have enough. Neither does it suggest the absorption of existing credit which is sorely needed here at this time. It calls attention to the annual production of wealth in this country, estimated to be upwards of seventy billions of dollars and it says that reasonable economy practiced by our people should result in the saving of a sufficient part thereof to provide amply for a very potential investment in securities growing out of our foreign trade."

In the plan the belief is set forth that such a corporation's energies should be devoted to helping foreign peoples to help themselves, which in due course and in proper time would be of great help to us. It necessarily does not go into the details of operation for the very obvious reason that that is a matter of management. It particu-

larly advocates thrift and production and through these two means the furnishing of sufficient credit to finance our foreign trade.

The capitalization of the corporation may be \$100,000,000, and the tentative date for its organization is January 1, 1921. It is announced that in the board of directors adequate representation would be given stockholding interests, state or regional distribution of stock being carefully kept in mind in this connection, as well as the co-operative effort of any affiliated national organization, the idea being to have representation on the board of directors reflect stock subscriptions in various sections, and due regard being had to other national interests to have the foreign trade interests of various sections of the country given special attention by the corporation proportionately to the absorption of the corporation's debentures in those sections, the procedure being obviously in the line of encouraging thrift and production.

The commerce and marine committee in the report made to the executive council of the American Bankers Association last April said it believed that an organization such as outlined in the plan, having the uniform support of the bankers and others of the country, would be a most influential factor not alone in extending proper credits where they would accomplish great good, but in educating the people of this country to a full recognition of their responsibilities to themselves. It added:

We believe that by the proper management of such an organization, by uniform effort reaching down into the smallest community, a great saving of the production of wealth could be accomplished and the investment of that wealth could be made with the double purpose in view of helping our foreign friends in a businesslike way and at the same time keeping the markets of the world open for ourselves. The Committee fully appreciates the fact that bank credit cannot be safely used to finance foreign needs. It advocates neither the use of bank credit nor an effort to invade the investment market for these purposes, but as we made clear in the plan, it does advocate thrift and production: *Thrift* without which no country can hope to prosper and be a cred-

itor nation and *Production* without which our people will continue to suffer from excessive prices.

## Some Banking Opinions

SENATOR WALTER E. EDGE, OF  
NEW JERSEY

From my observations and studies on my recent trip abroad, I bring from Europe a plea and a warning—a plea from the war-stricken nations for help, and a warning of my own, "Get busy!" Europe needs America's industrial and financial help, as well as its moral support, and America should furnish it promptly and in "ungrudging measure."

But Europe is not merely sitting with outstretched hand begging for relief; it has turned into concrete practice the adage, "The Lord helps every man who helps himself," and France and Belgium, for example, are helping themselves with an earnestness calculated to enlist actual divine assistance. And on this untiring work toward early rehabilitation and re-entry into world commerce is based my suggestion that America "get busy" without loss of time.

As the first step toward extending practical assistance to Europe, as well as developing the American banking system into international proportions, Congress passed the Export Finance amendment to the Federal Reserve law, and the President signed it on Christmas eve, last. Thus the process through which America might help Europe was provided, and now it remains only for the United States to take advantage of its opportunities.

There is hardly an article or commodity of American production which Europe does not need, and the supplying of these goods will maintain American production at capacity and will bring profit to every ramification of industry and finance. The production is provided in the wonderful American industrial plants, and the American merchant marine stands ready to provide the transportation; the financing of this prodigious trade has been made possible by legislation, and it only remains for America to cultivate the awaiting markets and to finance its own commercial activities.

Everyone at interest now is familiar with the methods of operation under the Export Finance amendment, and already, I feel free to say, it is bringing results of value to both Europe and the United States. Officers of an American export finance corporation whom I met abroad assured me of gratifying success in their establishment of foreign connections and their development of foreign business, and the practical value of the export finance law was demonstrated, as well as its theoretical attractiveness.

The financing of America's trade with Europe is a man's job—a job of Uncle

Sam's size. A few dollars dribbled out in credit to customers here and there is not going to do it; millions upon millions must be supplied to finance these impoverished foreign buyers and to pay in cash the bills of the American producers—and American investing capital must supply them. By this time, I believe, it is fully understood that America will not supply this money by further Government loans; private capital must be enlisted to do the work.

And the enlistment of private capital should be easy. Attractive interest rates will be established, and the safety of the securities will be assured through supervision by the Federal Reserve Board. Furthermore, through the floating of Liberty and Victory loans, a tremendous field of investors has been opened who had been accustomed to "salting" their spare cash away under the mistaken impression that hoarding was thrift. They have been given their kindergarten lesson in investment, and their further education on that line should not be hard.

No more tremendous—no more profitable field—for finance and industry ever has been opened to the United States than that now offered in Europe and the rest of the world, and no one who knows the enterprise of the typical American business man and financier can doubt for a moment that the opportunity will be seized.

**WILLIAM J. GRAY, VICE-PRESIDENT  
FIRST AND OLD DETROIT NA-  
TIONAL BANK, DETROIT, MICH.**

This act provides that corporations may be organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations or in banking or other financial operations in a dependency or insular possession of the United States. Manifestly, as the scope of such corporations is to be large, they should be equipped with abundant capital and no corporation without sufficient capital for such purposes could possibly succeed.

I believe in the centralization of banking resources—the principle which underlies the Federal Reserve system. That system provides for twelve regional banks tied together by the Central Board in Washington. In like manner it seems to me the wisest use of the new law would be in the formation of one larger corporation, with later, branches or even separate corporations throughout the country tied closely to the parent company. These branches or dependent institutions could be organized from time to time as business development might require.

You likewise ask my opinion whether the present time is opportune for forming a corporation under this act. When a thing is to be done, I believe the right thing is to do it, so now I think that advantage should be taken of the opportunity at once

in order that this financial development might be encouraged from the start. There never was a time when there was a better chance for this country to engage in international operations. Other countries need co-operation and would welcome the extension of our business as contemplated by this act.

**WALDO NEWCOMER, PRESIDENT  
NATIONAL EXCHANGE BANK,  
BALTIMORE, MD.**

The so-called Edge Bill, providing for the formation of corporations to engage in international banking, particularly in lines designed to stabilize the present demoralized rates of foreign exchange, is one of the most constructive and valuable pieces of legislation enacted by Congress in recent years. The mere passage of the act had a good effect in that it indicated that the situation was not hopeless and pointed out a way of providing relief. The question now is how to make the best possible use of the powers so granted.

In the first place, do not forget that rates of exchange depend largely on relative exports and imports, modified by the expenditure of money by travellers and by the investments of the people of one country in the securities issued in the other. Real normality of exchange can not be brought about except by the restoration of normal conditions in these respects.

This opens up a subject too complicated for discussion in a brief article and is mentioned merely to emphasize the fact that the Edge law must not be looked upon as a panacea in itself or even through corporations formed under its terms. The real cure can only come through the rehabilitation of European industry, the re-establishment of foreign commerce and of American travel abroad, along with such an increase in American production as will afford us both products of our own to export and also means to purchase European goods. The Edge Bill is designed merely to assist in the first two of the above items.

It is manifest that European industries can not be rehabilitated unless they can buy raw material and they can not buy this from America at present rates of exchange. A corporation, or group of corporations, prepared to finance such purchases and to take in payment or hold as security for long time loans the obligations of solvent European governments or of strong corporations under such governments can very materially help this movement and hasten the time of restoration to normal conditions. To be effective any corporation formed under the act should in the opinion of the writer be a large one, with capital well in excess of the minimum stipulated in the act; but I believe it would be a mistake to attempt to accomplish every-

thing through one big corporation. There are too many countries and too many industries to be considered. In my opinion we should start with one important corporation as suggested by the American Bankers Association and about to be formed by them in conjunction with the Chamber of Commerce of the United States and other national bodies. If the work can be done by one corporation, this one is eminently fitted to expand and take care of it, but if I am correct in my surmise that more will be required, others can and will be formed from time to time to meet the needs of particular countries or of particular industries abroad or to take care of some industry in which interested.

**DANIEL A. MENOCA, VICE-PRESIDENT FIRST NATIONAL BANK, BOSTON, MASS.**

Now that the Edge Bill has become law and corporations are organized under its provisions, these new banks will naturally have to look about for business. As they are limited to the foreign field, their management must consider seriously the policy which should be followed in connection with European financing. Acceptance credits which are restricted to six months' time hardly meet the requirements of our European friends who desire to postpone for a much longer period the settlement of exchange covering their purchases of raw materials in this market. The prevailing rate for time money in the principal European centers is lower than with us. Their importers are under no necessity to borrow in this country to finance their merchandise during the period of conversion, sale and distribution of the finished goods. What they do desire is to postpone the date when payment must be made here in American dollars to our shippers or producers, as it is generally expected that meanwhile exchange will improve. If the Edge Law banks can furnish substantial assistance in this direction they will go far to stimulate the economic recuperation of Europe, which so far has lacked on this side the proper machinery for financing these long-time credits.

Facilities for the financing of our exports for periods of from three to six months already exist and business is being constantly done by the larger commercial bank members of the Federal Reserve System. Similar credits on an acceptance basis can, of course, be issued by the Edge banks and no doubt a considerable volume of transactions will be handled in this manner, but their charter permits them to go further in relieving the present difficulties hampering our export trade with Europe.

They may issue their own debentures with a maturity of from one to two years, or even longer, properly secured. Each trans-

action will, of course, have to be considered on its own merits, but if a market can be developed in this country for obligations of this nature, our Edge Bill banks will render a most important service to those European countries who require so urgently raw materials from the United States to resume their national industries.

Whether or not member banks associated with outside capital should, under the Edge Law, combine to organize large banking corporations, or whether a number of smaller corporations would serve as well, or better, can best be answered by emphasizing the necessity of establishing and maintaining a good market for the acceptances and debentures of such a corporation upon which basis much active business will undoubtedly be handled. If the subscribing banks are of indifferent standing or comparatively unknown, or the head office of the Edge bank located in a city where no market for bankers' acceptances has yet been developed, operation will be correspondingly difficult. As an acceptance market is developed in our southern and western districts, the formation of local Edge corporations in these territories would then be practicable.

The present would seem an opportune time for the organization of new corporations under the Edge Law as the necessity of long-time financing, as mentioned above, is now very pressing, and there is reason to believe that much sound business can be arranged with European bankers and manufacturers on a basis which would provide satisfactory security.

**D. E. WAGGONER, PRESIDENT SECURITY NATIONAL BANK, DALLAS, TEXAS.**

I have not thought of the Edge Law in its broader use but only as it might affect the South and its principal crop—cotton. It is too late now to form a corporation under this law to handle this season's cotton crop, nor has there been an opportune time to organize this corporation since the passage of the law.

I believe that there should be not exceeding four of these corporations established in the United States: one in New York to serve the Eastern part of the country; one somewhere in the South to serve the South and Southwest; another, say in Chicago, to serve the North and Central Northwest; and one on the Pacific Coast to serve that section of the country.

It occurs to me that four large banks, operated in these various sections of the country, could be of more service in both export and import business than a central institution or many smaller ones scattered at various points over the country. It is possible that the time is opportune in some sections of the country but not yet in the South. After this cotton crop has been moved, and especially if some difficulty is

experienced in moving it this season, then the time might be opportune, and will be no doubt for the organization of a large company in the South under this law to handle the products of this section.

FRANK B. ANDERSON, PRESIDENT  
THE BANK OF CALIFORNIA, NA-  
TIONAL ASSOCIATION, SAN  
FRANCISCO, CAL.

This country has extended long time credits to European nations through its government and long time credits have been extended by manufacturers and other agencies, and the great bulk of these credits will have to be renewed from time to time until the world becomes sane and gets down to work. This financing, aided by the sale of European held securities to American investors and other agencies which are familiar to you all, has made it possible to clear the difference between the exports and imports of the past year, that is to say, the balance of trade has been settled to a vast extent through postponing the date of payment. The main burden of this financing is being carried by our government but to a large extent indirectly or directly by the banks, and the part that has been forced upon the banks must be shifted to private investors.

The Government has, very properly, served notice that it will no longer extend credit to foreign nations and the banks have been educating their clients to the necessity for restoring locked up working capital through new financing. In the meanwhile our business men have had brought home to them the necessity for and the desirability of foreign trade, and the great ambition of the country today is to retain the trade of the world which has fallen into our laps whilst our main competitors of the past were at war. These competitors prior to the war have spent hundreds of years, thousands of lives and millions of dollars entrenching themselves at points that are strategic from a commercial standpoint, in many cases being forced to exert an influence over the politics of countries that had great populations whilst our people were busy settling and developing a vast continent that was sparsely settled. Our people as a whole have never understood the value of or necessity for foreign trade; the reward of their activity has been so great and the scene of their activity so close under their eyes as to blind them to the future.

The laws which have been placed on our statute books were framed by men who understood the problems of their own localities but who had no broad outside view. Sentiments have developed that are antagonistic to the necessity for encouraging business along lines that our competitors have learned through long experience to be most efficient. Many of our laws tend to assure our competitors' success rather than our own,

and ignorance and prejudice stand in the way of change.

Our social and political welfare is bound up with that of the people outside of our borders; and we cannot through lack of courage or sympathy, sit still and refuse to extend a helping hand to the men who fought our battles as well as their own. I recognize the necessity for aiding those people to become self respecting and prosperous, not only from a selfish standpoint, but that we may retain our own self respect, and with a view to helping them and ourselves, I think it the better wisdom to look the problem squarely in the face.

This country is not, in my opinion, in a position to extend long time credits to any great extent at this time, and will not be until it is willing to curtail its own expenditures and increase its own production, except at the expense of increasing further the cost of living to its own people and to the people abroad. On the other hand the European governments must convince their people of the vital necessity for curbing extravagance and increasing the production of those things the outside world needs and will buy. They must convince them that present conditions are not temporary, that no short cuts are possible and that for some years the demand for essential commodities will exceed the supply. There must be brought about an understanding that strikes, lockouts, any interruption of work and everything that discourages initiative, delays the possibility of getting back on a normal basis, and that any individual who will not deliver a full day's work to the extent of his ability is a slacker who is throwing the burden of his support on the community.

So far as Europe is concerned she must restore conditions that will inspire confidence before we can hope for any large response from private investors in America and such help as we can give must come through these investors. I believe in taking advantage of the Edge Law, preferably through the formation of a large corporation with large subscribed capital rather than a lot of small ones, for the reason that the larger corporation would attract the best expert talent and give better protection to the investor, and for the reason that a ready market must be created for the debentures which would be issued, if it is hoped to make them popular. The mere formation of such a corporation will not produce investors; they must be educated. Peace on earth must be restored and this government must show some encouragement and approval, particularly as to what its attitude is going to be towards protecting American investments in foreign countries.

There is adequate security in Europe for loans, men and institutions with whom our people have had business relations for years and in whom they have confidence. Their need is for working capital, not bank credit. These same men and institutions have aided



our people in the past when our need was for working capital, and at times when we had more settled conditions, but no better security to give than they have.

The new corporation will have to feel its way and call its capital as it needs it but will in my opinion perform a great service through aiding to restore more normal conditions, and will prove a powerful financial instrument. At the outset it will have to compete for funds in a market that is gravely over-extended, but properly guided, it should prove a valuable instrument in relieving the present situation, and through its many ramifications can educate sentiment to the necessity for changes in laws and conditions which are producing the evils that we are striving to cure. This education will necessarily be slow as our people do not understand the vital necessity for foreign markets and have not been accustomed to investments based on foreign enterprise, our large investors have been legislated out of the market and the new crop of small investors brought out during the Liberty Loan Campaigns are disgusted and many of them bitter. The laws of many of the states of the Union forbid investment of the funds of savings banks and insurance companies in foreign securities, or state so specifically what they may invest in as to forbid foreign investment.

American enterprise is forced to pay very high rates for capital on account of the great demand for it, caused partially by the efforts of the banks to curb inflation, and necessarily the European will have to pay high rates to attract the American investor, who will prefer investment at home.

To repeat what I have said before, I do not believe we are in a position where we can extend any great amount of long term credit; on the other hand, I believe that if

certain things can be done, we can render very powerful assistance through restoring initiative, increasing production, bringing down the high cost of living and curing a great deal of inflation that exists to day.

As the old world resumes business activities, and as conditions here create shortages and consequent high prices, the importer, through regular banking channels, is moving more and more necessities from the outside world to this country, and these transactions through the aid of the banks are helping in a large degree to make possible the shipment of merchandise from this country. This is healthy progress and will increase as time goes on; it is in effect exchanging goods with other countries which is the meaning of all trade, and, in my opinion, the conditions which we are facing will result in a demand for the knocking down of many of the economic barriers which have been erected in the past, in order to encourage an exchange of the necessities of life.

In spite of the difficulties that confront us, I believe that a corporation such as is authorized under the Edge Law is necessary, desirable and feasible; that, granted a personnel which will inspire confidence, capital can be secured and that it will prove to be a powerful instrument in crystallizing sentiment to the necessity for economy, governmental and private; the necessity for increased production and for changes in laws which today destroy initiative, encourage extravagance, increase inflation of credit, which are largely responsible for our inability to extend long time credit and which will continue to take away corporate and individual working capital, rendering it more and more impossible to extend the long time credit needed by our customers abroad.



# Possibilities of Financing Foreign Trade Under the Edge Law\*

By Elmer H. Youngman

Editor "The Bankers Magazine"

THE choice of San Francisco as the place for holding the Seventh National Foreign Trade Convention was particularly appropriate. Its magnificent harbor, famous among the great ports of the world, the hardy spirit of adventure which characterized the early pioneers—a spirit kindred with that which sends commercial argosies to distant lands—and the wealth in the soil, forests, fisheries and mines of this vast Pacific region, comprising many, if not all of the leading commodities of world commerce, united to the enterprise of the people who inhabit these western shores, certainly should afford to our deliberations a high degree of inspiration.

That the lands fronting the Pacific are to play an important part in the future history of the human race is a belief widely prevalent. In the opinion of some keen observers this part is to be a commanding one. To dispute that view would be to enter the realm of controversy, while to uphold it might constitute a venture into the always dangerous field of prophecy. There may be truth in the view that Europe, somewhat exhausted and impoverished by the great struggle but recently ended, will afford a less inviting field than heretofore for foreign trade, while some of the oriental countries—China and India in particular—refreshed by the long slumber of centuries, may awaken with an almost unappeasable longing for the fabrics and wares of trade. Unmistakable signs of an awakening in the case of the two nations mentioned are already evident.

Discarding argument, prophecy and speculation with respect to these matters, we may safely appeal to historical examples, for we know what has happened to Japan since Commodore

Perry in 1854 rather unceremoniously knocked at her doors, and we also know the tremendous advance made in the Philippines since Commodore Dewey sailed into Manila Bay in 1898.

Fortunately, the Eastern lands present to us to-day doors already opened to our trade and enterprise. In laying special emphasis on the possibilities of trade with the Orient, however, we must not forget that our immediate duties and opportunities lie in the direction of Europe. Not only are our raw materials and goods badly needed in that quarter of the world, but there lies our great opportunity of showing the real qualities we possess as international traders—not in the grasping sense, but simply to meet the requirements of the situation as befits men of business.

Much complaint of our slowness is heard from the other side of the Atlantic—an impatience which one may easily understand in view of the economic situation in the war-devastated lands. But it may be observed that our caution in taking on fresh obligations evidences an intention of strict fulfillment of those obligations when once assumed.

Besides, in the face of these new and strange duties thrust upon us, we lacked both the experience and the mechanism. However urgent the needs of Europe, our people, unaccustomed as they were in the main to investments of any kind, could not be suddenly converted into large buyers of foreign securities. Our banks had done about all they could within the limits of their powers. A new type of foreign bank was required to meet the situation, and that is exactly what Congress has provided in

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\* An address delivered at the Seventh National Foreign Trade Convention, San Francisco.

the Edge Law Corporations. It is to the possibilities which the institutions that may be found under this law offer in the way of assistance to our foreign trade that your attention is briefly invited.

Just by way of introduction I wish to point out that in the past seven or eight years Congress has enacted several pieces of important constructive legislation, including the Federal Reserve Act, the Federal Farm Loan Act, the Webb Law, the Transportation Act, and the Edge Corporation Law. We often complain because Congress does nothing constructive; but, in view of the legislation cited, this complaint seems without just basis at present.

Now, in dealing with the Edge Law I wish to confine myself to those features of the measure which seem most important.

This act gives us for the first time in our history a financial institution, organized under Federal law, for the expressed purpose of engaging in the financing of foreign trade. The original Federal Reserve Act authorized the establishment of branches of our national banks in foreign countries, and by an amendment to that act the national banks were empowered to subscribe for stock in American banks or corporations principally engaged in foreign banking. Under this amendment several corporations have been formed and are now in operation. But the Edge Law goes beyond this in providing for the formation of these foreign banks under Federal charter, thus giving to them whatever prestige the authority of the National Government confers.

So far as these new corporations are to exercise the ordinary banking functions, I do not think they call for special comment. It may be noted, in passing, that they afford another convenient channel through which to carry on the operations of foreign trade financing, and, as has been said, this is done, under the Federal law and supervision.

The provision in the Edge Law which is not only novel but of first importance is that which permits these

corporations to issue their own notes and debentures for sale to investors.

Here we have the only effectual means through which, under present conditions, our foreign trade can be sustained on a basis commensurate with European needs and the interests of our own producers.

It has been my good fortune within recent months to attend a number of representatives gatherings of business men and bankers, and it has been the prevailing opinion at these meetings that if we are effectually to finance our foreign trade under present conditions the participation of the individual investor must be enlisted. In other words, we shall have to find some means of selling foreign securities, either directly or indirectly, to a large body of American investors. The Edge Law gives us what is perhaps as good a measure for this purpose as could be devised. Its safeguards seem all that could be required in reason. Chief of these are the provisions as to Federal incorporation and supervision, the requirements as to paid-in capital, and especially that provision of the law which gives to the Federal Reserve Board the right to determine as to the adequacy of the securities deposited as collateral against the issue of notes and debentures by the new corporations.

It is not claimed that even these safeguards are absolute. But they are as nearly so as could be fixed without unduly hampering the freedom of operation essential to the effective functioning of Edge Law Corporations. Even with the protection which the new law affords, it will be necessary that the corporations organized shall be under prudent and skillful management—always the surest guaranty against loss in banking and investment undertakings.

Some regret must be felt that much of the individual foreign investing already done has found its principal incentive in speculation. Not so much consideration has been given to the flat rate of return on the investment or the security offered as to the possibility of gaining through a favorable turn in the exchanges. Some of these specula-

tions may turn out well, while some of them are sure to result in loss. But, in either case, if we are to use our investment capital as a permanent means of stabilizing our foreign trade, we ought to rely upon something just a little more dependable than a possible favorable development in the foreign exchange market.

It need hardly be pointed out that a few unfortunate experiences with foreign securities would operate to destroy confidence in such investments as a class. We cannot reasonably expect that the average American, even if possessed of some experience with domestic securities, could have the knowledge of foreign investments which would enable him to discriminate between those which are sound or otherwise. But the Edge Law Corporations will relieve him of this responsibility. The investor who buys their debentures will be in fact buying an American security, the obligation of an American corporation, with foreign collateral.

It must be regarded as peculiarly fortunate that we are to have a type of institution which will throw around the making of foreign investments such safeguards as are provided in the Edge Law. In the marketing of the securities issued by the new corporations it will be necessary to carry on a campaign of investment education, which will illustrate the benefits which flow to the individual, the nation and the world through wise investing. This is a work greatly needed, for while our people are earning more than ever before they are not saving in proportion. Best of all, the Edge Law Corporations afford an opportunity of giving a practical demonstration of the widespread benefits accruing from wise foreign investing.

Perhaps the best idea of the scope of the new law, and its purposes, may be obtained by quoting what some recognized authorities have to say. The author of the law, United States Senator Walter E. Edge of New Jersey, thus defined the objects of the measure:

Primarily, this bill was framed and introduced to promote American export trade

by providing a method through which impoverished foreign purchasers of American goods could obtain such goods on credit, backed by adequate collateral; at the same time actual cash could be provided for the payment of the American producer or exporter. The money for such payment is to be provided through the sale to investors of debentures secured by collateral satisfactory to the Federal Reserve Board, which will have the same powers of supervision over corporations proposed in the bill as it has over the national banks of the United States. This plan provides a method of supervision which will protect the investors in such debentures and will make these investments attractive to the people, yet at the same time, precludes Government underwriting, guarantee or participation.

How the measure is regarded by the bankers of the country may be inferred from the following quotation from a report of the Committee on Commerce and Marine, made to the convention of the American Bankers Association at St. Louis, in October, 1919, and which was unanimously adopted:

There has been and continues to be much discussion in general as to the methods to be adopted to bring such securities in effective volume, and surrounded by necessary safeguards to insure their ultimate payment, before the American investing public. Legislation is pending, having the same object in view. Credits aggregating a few hundreds of millions of dollars have been extended by several banking institutions to meet pressing needs. Altogether, however, no well-organized effort has yet been made, and your committee, therefore, believes it timely to say that it is confidently of the opinion that the necessary financial machinery in the form of a large, capably managed and thoroughly equipped organization, with which the bankers, business men and manufacturers of this country would become identified, and which might very properly be initiated and supported by the members of the American Bankers Association, should be provided with the least possible delay.

If such financial machinery were provided and had the support of the members of the Association, there could be no question of its success, and its success would find reflection in prosperous conditions in every section of the country.

Governor W. P. G. Harding of the Federal Reserve Board, in urging the passage of this measure, said:

The Board knows no one way in which the present European credit situation may be more effectively dealt with than by the incorporation of institutions of the kinds pro-

vided for in this bill, and anything that betters that situation assists not merely in the gigantic task of reconstruction in Europe, but also in providing a market for our own exports and in developing our foreign commerce in a most effective and satisfactory way.

Finally, permit me to quote from a booklet on "Foreign Financing Under the Edge Act," issued by the Guaranty Trust Company of New York:

At the present time there are fairly adequate facilities for the granting of thirty, sixty, or ninety day credits to European purchasers. The granting of long term credits, however, for periods beyond ninety days, which are much needed by the European purchaser of our goods, offers a far more serious situation, and the present facilities are admittedly inadequate. Let us suppose, for instance, that a corporation whose properties are in the devastated section of France desires to buy American machinery to start rebuilt factories in operation, and that it desires to buy on credit, giving as security for the purchase price, only corporate bonds which mature eight or ten years hence. Even though satisfied as to the safety of the security offered as collateral for the extension of the credit, the American manufacturer is in most cases unable to carry it until maturity because this would tie up and deprive him, for many years, of the use of the capital which he requires in his business. Therefore, the seller is compelled to lose the sale unless the bonds can be quickly converted into cash. It is possible here to relieve the situation by an arrangement made with a corporation organized under the Edge Act to take such foreign securities, advance the cash, and within such limitations as the law and the Federal Reserve Board prescribe, issue its own notes which could then be offered to the public for investment. By this method the purchaser at once receives the purchase price, and the European buyer obtains the goods. The credit is successfully passed to the American investor.

The value of the Edge Act lies in this, namely, that it provides for the organization of corporations having the right to engage in international and foreign banking, in which national banks may participate to a limited degree, thereby affording a means to make available quick and large capital for the purpose of extending credit to Europe. In short, the Act provides a sound, well-regulated system of financing our foreign trade whereby such collateral as foreign purchasers possess may be taken in payment of American goods.

This same authority from which I have just quoted points out that the principles underlying the Edge Law

have already been successfully applied both in this country and abroad.

Before concluding specific references to this new measure, let me say that it has been our contention here in the United States that we wish to go about foreign financing in our own way; this the Edge Law permits us to do, and we can no longer plead lack of adequate machinery to enable us to make such financial provision for our foreign trade as it may require. It may be said also that the new law comes at an opportune time, for the limits of short-term financing seem not far off; and furthermore, some of these credits which were supposed to be liquid have shown a tendency to congeal, so that if our foreign trade is not actually to suffer through inadequate financing, we must resort to the long-term credits which the Edge Law makes possible.

In what has been said, I have assumed as a matter not requiring argument that trade follows investment; and this is true even though the funds supplied to borrowers may not be expended directly in the country which makes the loan. It has been assumed also that the desirability of foreign trade is granted. This point hardly needs elaboration before an audience of manufacturers and exporters. But those engaged in foreign trade might render a useful service by explaining to their employees and to the farming community the relation which our overseas commerce bears to domestic prosperity. Evidence is not lacking that the raisers of live stock and the growers of grain already understand the importance of maintaining our export trade. The employees in industry should likewise understand that diminished exports result in reduction of wages and loss of employment—a severe course of education which it may be hoped they will not have to undergo.

#### A HIGHER CONCEPTION OF FOREIGN TRADE

In closing I wish to enter a protest against the too widely accepted belief that foreign trade is something to be

contended for and fought over as hungry dogs fight over a bone. The nation that seeks to parcel out certain portions of the earth as its own exclusive trading preserves, from which other nations must be kept out at all hazards, seems to proceed on the theory that the earth is a very small place, where only a limited amount of trade can be done at best, and that unless a big share of this is grabbed at once and held against all comers, the chance of doing business is forever lost. The contrary of this is true. The earth is a very large place, and the business to be done practically without limit. The more trade one nation has the more there will be for others and for all. Millions of people in China, India, Mexico and South America—yes, even in Europe and the United States—need better clothing, food and shelter. To supply this demand—and it is without practical limits, for there likewise exists the still greater task of bringing these millions up to a condition where they desire and will be able to enjoy a higher standard of life—here lies the stupendous problem to which the nations of the world may wisely address themselves without danger of exhausting its remunerative possibilities. As the condition of individuals improves and the nations become more prosperous, trade and industry expand, and their fruits become part of a common stock of which all men are partakers. The share which any one nation may get does not depend upon keeping some other nation from participating but rather in doing its best by maximum production to add to the common stock, and by the greater abundance and consequently diminished cost to multiply the number of consumers and to stimulate consumption—the Aladdin's lamp of commerce, domestic or foreign.

Experience warrants the statement that neither territorial acquisitions nor preferential trade arrangements are the best means of obtaining and holding customers in the international markets. The prime rule of foreign trade is to

produce the goods your customer wants at the price he is willing to pay, and then treat him with justice and courtesy, observing that diligence in business which sacred writ so highly commends. By adhering to honorable methods, and with a fair field open to all, the total volume of foreign trade with any designated quarter of the world will be greater than would be the case were any one nation given exclusive privileges there. The offering of a greater variety of wares, the energy and skill displayed in disposing of them, and the more reasonable prices which these competitive efforts would tend to assure, could not fail of having an advantage over a monopoly seized by some particular nation.

Whether international trade makes for war or for peace depends upon the manner of its application. If the aim is to get into a special field and crowd everybody else out, gradually extending the scope of exclusive control, then we may as well frankly recognize the struggle for foreign trade as one of the most fruitful provocatives of war. But if it be the aim of those engaged in foreign trade to extend to others the privileges they themselves seek, and if those engaged in such trade wish to profit only in proportion to the service they render, then may international commerce be justly considered as an influence making for peace and good will.

I wish to repeat that the world is not small, but large, both in territorial extent and trade opportunities. There is room and to spare for all. There is abundant trade, not merely for one nation which is strong enough to seize it for its exclusive benefit, but for every nation whose people are alert and industrious.

May the various nations of the world soon reach a better understanding of their mutual obligations and interests, and may it be our part to help in diffusing to less favored lands some of the prosperity and blessings which we possess in such overflowing abundance.

# Banking and Commercial Law

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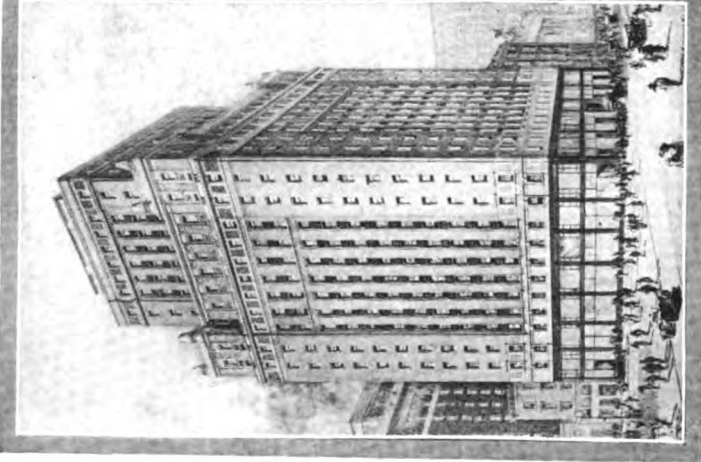
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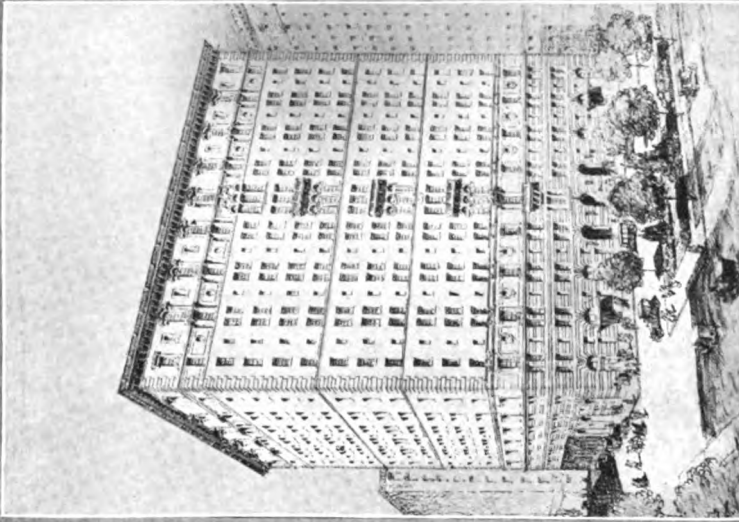
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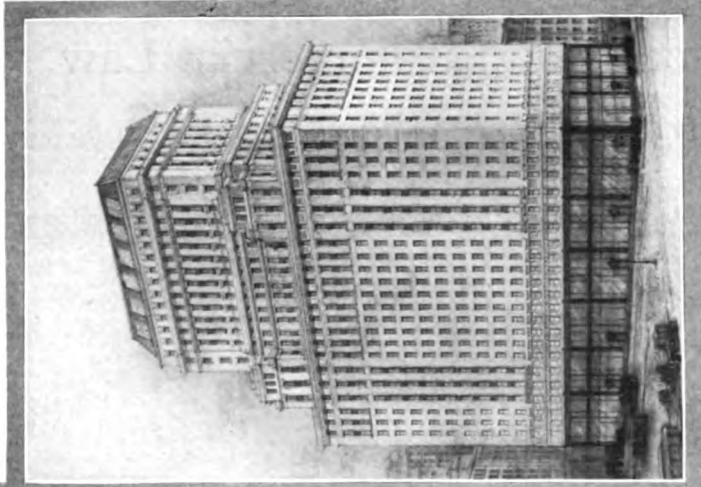
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# Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts  
Upon Questions of the Law of Banking and Negotiable Instruments

## National Bank not Liable to Depositor for Loans Made by Cashier

Holmes v. Uvalde National Bank, Court of  
Civil Appeals of Texas, 222 S. W.  
Rep. 640.

**T**HIS was an action against a national bank to recover \$48,788.81. This amount the plaintiff had delivered to the cashier and the latter had deposited it in the bank. It was agreed between them that the cashier should loan the money for the plaintiff, but this arrangement was not known to the other officers of the bank. The cashier wrongfully appropriated the money to his own use and delivered to the plaintiff forged and worthless securities for the loans which he claimed to have made.

The court pointed out that, in substance, the plan was nothing more than a scheme to deprive the bank of the interest to which it was entitled on loans made through it. It was held that the bank was not liable for two reasons. In the first place the cashier in his transactions with the plaintiff was acting as the agent of the plaintiff and not of the bank. In the second place it is not within the powers of a national bank to engage in the making of loans for others.

### OPINION

Suit by Daniel Holmes against the Uvalde National Bank and others. From judgment for defendants, plaintiff appeals. Affirmed.

FLY, C. J. Appellant instituted suit against the Uvalde National Bank, T. C. Frost, J. M. Kincaid, M. B. Walcott, F. J. Rheiner, J. C. Turman, and F. T. Kincaid, as directors of the bank, and Jake Schwartz, as liquidating agent, for certain deposits made by

him, amounting to \$48,788.81. The cause was submitted to a jury on the following issue, given by the court:

"Was F. J. Rheiner the agent of plaintiff, Daniel Holmes, in making the loans of the money that he turned over to said Rheiner?"

The issue was answered in the affirmative, and the second issue became unimportant and, under instruction of the court, was not answered. At the request of appellees, the jury was informed that the suit against the directors had been dismissed by appellant. Judgment was rendered that appellant take nothing by his suit as to the bank and Schwartz and Turman, Walcott, and Kincaid as the liquidating committee.

The evidence showed that appellant, without the knowledge or consent of the directors of the bank, entered into a personal agreement with F. J. Rheiner, by which the latter was to make loans for appellant out of money from time to time delivered to Rheiner personally by appellant, and Rheiner placed the money in the bank, with the full authority to draw it out whenever he so desired. He dealt with Rheiner as an individual and not as cashier of the bank. The arrangement entered into as to loaning the money was concealed by appellant and Rheiner from the directors of the bank. The money was loaned at different times by Rheiner, and the securities were placed in the hands of appellant by Rheiner. About five years elapsed between the time when the last loan was made, to wit, May 24, 1914, and the date of the filing of this suit, and the notes now claimed by appellant to be worthless were taken for or indorsed and delivered to appellant by Rheiner more than five years before this suit was filed. Appellant at no time dealt with Rheiner as cashier, and in the numerous letters written to him by appellant he was

addressed as "Dear Ferdie." Appellant testified:

"Yes, sir; I told Rheiner in the beginning that I wanted him to loan my money for me. Yes, sir; I trusted him to do that. Yes, sir; I gave him authority to draw my money out to make loans and investments for me. Yes, I gave him authority to make loans, and he had as much authority as I did to make loans, and I put money at his disposal for that purpose—to make loans."

In April, 1916, there was a full settlement between appellant and Rheiner. Appellant swore that he placed about \$7,000 in the bank when Rheiner was absent, and when he returned appellant gave him a check for the money, to be placed in the "loan account," to be loaned by him.

The first assignment states error in the refusal to give the following charge, requested by appellant:

"In any event, you will find your verdict herein for plaintiff for the sum of \$26,779.65, being the aggregate or the principal of the four notes in evidence, purporting to be the notes of T. J. Martin, and the one note in evidence, purporting to be the note of W. B. Patterson, less the sum of \$2,517.04 drawn from the loan account of plaintiff and carried into the \$4,600 certificate of deposit in evidence; that is to say, said \$24,262.61 is the balance of the total of said above-named notes after said sum of \$2,517.04 is deducted therefrom. The remainder of the case you will consider from the evidence in the case and the charge of the court, and base your verdict thereon."

The charge was properly refused. The cause was submitted on special issues, and yet appellant sought a general charge to control the disposition of at least one-half of the amount sued for. The charge assumed that Rheiner was acting as the cashier of the bank in making the loans, and that it was responsible for his lack of care and judgment or his criminal acts, when that was the crucial point in the case. It

assumed that the notes were forgeries, when the jury might have found that they were genuine. In other words, it was, in effect, an instruction for appellant on the whole case and made a farce out of the issue as to Rheiner being the agent of appellant alone in negotiating the loans, and not of the bank. It assumed that loaning money for depositors was within the powers and duties of the bank and dispensed with all inquiry into the doctrine of ultra vires as applied to the acts of Rheiner, if acting for the bank.

The second, third, fourth, fifth, sixth, seventh, eighth, and ninth assignments of error should not be considered. Each of them complains of giving certain charges or refusing others without giving even the substance of the charges. A reference to bills of exception without giving the substance of them does not comply with the rules, and it is not incumbent upon an appellate court to search the record for matters that should be supplied by the appellant. However, we have consulted the bills of exception referred to in the assignment and find that the charges asked were properly refused. If Rheiner was the agent and special representative of appellant and acted in lending the money not as cashier or agent of the bank, then it did not matter that he converted the money of appellant to his own use, so far as the bank was concerned. In this connection, it may be stated that there was no adequate proof that Rheiner had converted any money of appellant to his own use. Appellant had the notes, he now wishes declared forgeries, in his possession for seven or eight years, and yet did not ascertain that they were forgeries. Appellant had colluded with Rheiner to lend money for him and deprive the bank of loans to which it was entitled, and now when his conspirator has been shown to be a defaulter and that the loans made by him for appellant are not satisfactory, he seeks to make the principal, against whom the conspiracy had been formed, responsible for the acts of the unfaithful serv-

ant. Rheiner was the agent of appellant, and not the agent of the bank, in making the loans, as found by the jury. It was not an issue as to whether the bank had notice of the relations between appellant and Rheiner. All of the testimony tended to show that appellant and Rheiner did not desire that the bank should know that Rheiner was lending money for appellant, but studiously concealed it from the bank. The evidence clearly showed that the loaning account of appellant was closed and a certificate of deposit delivered to appellant on or about April 23, 1916, and such settlement was fully accepted and agreed to by appellant, and such testimony tended to show that appellant, by his laches for more than two years, was estopped from claiming anything from the bank. There was not a particle of evidence tending to show that appellant expected or desired that Rheiner should act, in lending the money, for the bank; but, on the other hand, appellant and Rheiner did all they could to prevent the bank discovering anything about the loans. It follows that there was no such issue, and the court acted properly in refusing to place it before the jury.

If the bank had known that Rheiner had authority to draw out the money deposited in the loan account of appellant, that would not charge the bank with knowledge that Rheiner was lending or pretending to lend it for appellant, nor make the bank liable for his conversion of it.

The interests of the bank and appellant were directly antagonistic in the lending of money, and every loan made by Rheiner was depriving the bank of the opportunity and right to make loans. Under the circumstances if, as all the testimony shows, Rheiner was the agent of appellant in making the loans, he could not be the agent of the bank also. It was not within the scope of the agency or Rheiner to make loans in the name of the bank for depositors, and the bank was not bound by his acts in making such loans, and there was no evidence of ratification of his unauthor-

ized acts, if such acts could be ratified. *Henderson v. Railroad Co.*, 17 Tex. 560, 67 Am. Dec. 675; *Bank v. Jones*, 18 Tex. 823. Rheiner did not claim to be acting as agent for the bank, but altogether as agent of appellant.

In this case we may assume that the bank knew that appellant had deposited his money in the bank, that Rheiner had the authority to draw it out whenever he desired, and still this would not charge the bank with knowledge that Rheiner had authority from appellant to lend the money for him, and certainly not that Rheiner had appropriated appellant's money to his own use and benefit and had forged notes to hide his crime. Upon no ground could the bank be charged with such knowledge. When Rheiner drew the money and loaned or misappropriated it, he clearly acted outside the scope of his authority and was not acting as the agent of the bank, but as the agent of appellant.

In the case of *Brookhouse v. Union Publishing Co.*, 73 N. H. 368, 62 Atl. 219, 2 L. R. A. (N. S.) 993, the facts were that one Moore was the guardian of the plaintiff, and also treasurer of the defendant, and used the defendant corporation for his private banking purposes, depositing money with its general funds and crediting his account, and charging his account as he withdrew it. He withdrew from his guardian bank account money, for which he received drafts payable to himself as guardian or order. These he indorsed and directed the assistant treasurer of defendant to deposit to his credit. He afterwards checked out the money for his personal use. The ward sought to charge the defendant with notice of the fraudulent character of the transaction. The court held that the defendant was an innocent conduit through which the guardian temporarily passed the money, and that it could not be charged therefor.

The evidence in this case shows collusion by appellant with Rheiner to obtain services from the latter which he as agent for the bank was not authorized to perform, and which deprived

the bank of making loans, and no presumption of notice can be indulged for the protection of a party to such collusion. As said in a New York case:

"The rule which charges the principal with what the agent knows is for the protection of innocent third persons, and not those who use the agent to further their own frauds upon the principal." *Nat. Life Ins. Co. v. Minch*, 53 N. Y. 144.

It was not within the scope of the agency or implied power and authority of Rheiner as cashier of a national bank to agree with a party not connected with the bank to conduct the business of lending for him from which the bank did not and could not derive any appreciable benefit, direct or indirect. The acts of Rheiner were clearly *ultra vires*, and did not bind the bank. The bank had no authority under the act creating it to enter into a contract for loaning money of a depositor such as existed between appellant and Rheiner. U. S. Rev. St. section 5136 (U. S. Comp. St. section 9661). The powers granted to national banks are:

"To exercise by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidence of debts; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing and circulating notes according to the provisions of this title."

The powers are clearly defined, and, while national banks are authorized to lend money, there is no semblance of authority for lending money as the agent of its depositors. Such authority, if granted and exercised, would eventually destroy the great privilege of lending money for themselves given national banks, and involve them in complications which would almost inevitably lead to destruction. Especially would this be true when the lending is done

without remuneration to the bank, and on the other hand is an expense in taking up the time of agents that should be used in the interest of the bank. No possible good could result to the bank from loans of money made for depositors. The Federal Reserve Act (38 Stat. 251) has no application, whatever, to the Uvalde National Bank, as defining its powers. The acts for which it is sought to hold that bank occurred before the enactment of the Federal Reserve Act, and, of course, it does not have any application to such acts, if it ever could apply to such bank.

If appellant had entered into a contract with Rheiner as cashier of the bank, and under that contract had deposited money to be invested in loans by the bank, and the cashier had embezzled the deposits, there is some authority for holding that the bank would be liable for the deposits, even though the agreement to invest was *ultra vires*; but where the money is deposited as in this case and the cashier is authorized and paid as an individual to act for the depositor in performance of acts, which, if performed by the bank, would be *ultra vires*, the depositor cannot recover. And when there has been collusion between the cashier and the depositor to secure the services of the cashier, not as representative of the bank, but adversely to it, there can be no doubt that the bank would not be liable for the misappropriation of funds drawn out of the bank under authority of the depositor to be used to the detriment of the bank.

The evidence shows clearly that appellant made Rheiner his agent, not as an agent of the bank, for he acted secretly and under cover with Rheiner and clearly indicated that he did not wish the bank to know anything about his relations with Rheiner nor have any connection with his loans. He and Rheiner sought to use the bank as a mere conduit for their schemes, and he concealed all his transactions with Rheiner from the bank until his friend had embezzled his money and abscond-

ed, and then he sought to make the victim of his scheming liable for his friend's perfidy. The trial court properly held, under the facts, that such liability would not attach.

The judgment is affirmed.



## Drawer Liable on Checks Delivered to Impostor

Montgomery Garage Co. v. Manufacturers' Liability Insurance Co., Court of Errors and Appeals of New Jersey.  
109 Atl. Rep. 296.

A person, whose real name was Ennis, represented himself as N. K. Turner to the defendant corporation. He delivered to the corporation a check for \$5,000 and as part of the consideration for this check received the company's check for \$1,500 payable to the order of N. K. Turner. On the same day he indorsed the \$1,500 check and transferred it to the plaintiff for value. Before the plaintiff could collect the \$1,500 check the corporation discovered that the check for \$5,000 was a forgery and it stopped payment on the former check.

It was held that the plaintiff could enforce the \$1,500 check against the corporation. In the circumstances the indorsement "N. K. Turner" on the check is not regarded as a forgery. The reason is that the corporation intended to make the check payable to the person with whom the transaction was negotiated, irrespective of what his name might be.

### OPINION

Action by the Montgomery Garage Co. against the Manufacturers' Liability Insurance Co. Judgment for plaintiff, and defendant appeals. Affirmed.

TRENCHARD, J. This is an action to recover the amount of a bank check for \$1,500 signed by the defendant, drawn on the Commercial Trust Co. of New Jersey, payable to

the order of N. K. Turner, and negotiated to the plaintiff.

The agreed facts, so far as material to the questions presented in this court, are as follows: On March 15, 1918, one Ennis, representing himself to be N. K. Turner, went to the Manufacturers' Liability Insurance Co. and delivered to it a check for \$5,000, which turned out to be bogus, and received from the company its check for \$1,500, being the check in question. On the same day that check was indorsed and delivered to the plaintiff by the person representing himself to be N. K. Turner. The check was promptly presented by the plaintiff to the bank for payment, but payment had been stopped overnight by the defendant.

It is further agreed that the plaintiff became the holder of the check "before it was overdue, and, at the time it was negotiated to it, the plaintiff had no notice of any infirmity in the check, or of any defect in the title of the person negotiating it," and before receiving any such notice the plaintiff gave or paid to the person who negotiated the check, as consideration therefor, \$300 in cash, a check for \$200, a check for \$500, and a negotiable certificate of credit for \$500 on the purchase price of an automobile. These checks given by the plaintiff passed into the hands of bona fide holders for value, and were paid by the plaintiff. The negotiable certificate of credit for \$500 on the purchase price of an automobile was delivered to the person known as N. K. Turner, and is still outstanding, and is admitted to be assignable "by the holder without the consent of the plaintiff," and is treated by the plaintiff "as binding on it." It is further admitted that at the time of the above transactions both the plaintiff and the defendant believed that Ennis was N. K. Turner, and that Ennis was the person to whom the defendant issued and delivered the check, and who was intended by it to be the payee.

On this state of facts, the trial judge, sitting without a jury, found for the

plaintiff for the full amount of the check, and the defendant appeals from the consequent judgment.

We are of the opinion that the judgment was right.

We do not rest the plaintiff's right to recover upon Section 9 of the Negotiable Instruments Act (C. S. p. 3736). The check cannot be said to have been payable to bearer by force of that section declaring that "the instrument is payable to bearer . . . when it is payable to the order of fictitious or non-existing persons and such fact was known to the person making it so payable," because it does not appear that such fact was known to the drawer.

But we think that the rule is, where, as here, the drawer of a check delivers it, for a consideration which turns out to be fraudulent, to an imposter under the belief that he is the person whose name he has assumed and to whose order the check is made payable, a bona fide holder for a valuable consideration, paid to the imposter upon his indorsement of the payee's name, is entitled to recover from the drawer; it appearing that the person to whom the check was delivered was the very person whom the drawer intended should indorse it and receive the money, and that the drawer made no inquiry before issuing the check concerning the identity or credit of the named payee who was unknown to the drawer.

In the present case the plaintiff has merely carried out the drawer's intent. In other cases of fraudulent impersonation the drawer is sometimes said to have a double intent: First, to make the check payable to the person before him; and, secondly, to make it payable to the person whom he believes the stranger to be. But the courts have almost unanimously held that the first is the controlling intent, except where the named payee was already known to the drawer, as in *Cundy v. Lindsay*, 3 A. C. 469, and *Rossi v. Nat. Bank*, 71 Mo. App. 150, or was more particularly identified in some manner; e. g., by some designation, description, or title, as in the case of *Mercantile Nat.*

*Bank v. Silverman* 148 App. Div. 1, 132 N. Y. Supp. 1017, none of which factors are present in the case at bar. A man's name is the verbal designation by which he is known, but the man's visible presence is a surer means of identification. In the case at bar, if the plaintiff, before cashing the check, had sent for and asked the drawer whether or not the person presenting the check was the person to whom it was intended to be paid, the answer would have been in the affirmative. Of course the drawer was deceived as to the name of the man it was dealing with, but it dealt with, and intended to deal with, the visible man who stood before it, identified by sight and hearing. Thinking this man's name was N. K. Turner, it drew a check to N. K. Turner's order, intending thereby to designate the person standing before it. Clearly, therefore, the plaintiff was simply paid the money to the person to whom the drawer intended it should be paid. Now either the plaintiff or the defendant must suffer the loss. Both were innocent parties, and the loss justly falls upon the defendant whose mistake in issuing the check facilitated the fraud and primarily made such loss possible. Such was undoubtedly the law prior to the Negotiable Instruments Act. By Section 23 of that act (C. S. p. 3738) "where a signature is forged or made without the authority of the person whose signature it purports to be, it is wholly inoperative," except as against a party who "is precluded from setting up the forgery or want of authority." If we assume that the indorsement in the present case was a forgery or without authority, within the meaning of that section, still in the light of the cases herein referred to, the drawer "is precluded from setting up the forgery or want of authority," and so the signature is not inoperative as to him, and the law remains unchanged.

We think there is no merit in the contention of the defendant that the judge erred in rendering judgment for \$1,500, the full amount of the check.

This contention is based upon the motion that "the plaintiff had parted with \$1,000 and no more." But that motion, as we shall presently show, is not well founded, either in law or in fact. That the plaintiff was a holder in due course is clear; it appearing that the check was complete and regular upon its face, that the plaintiff took it the same day it was drawn, before it was overdue, without notice of its dishonor, in good faith and for value, and that at the time it was negotiated the plaintiff had no notice of any infirmity in the check or defect in the title of the person negotiating it. Negotiable Instruments Act (C. S. p. 3741), sections 52, 53. Now we have pointed out that, besides the \$1,000 in cash or its admitted equivalent, the plaintiff also gave in exchange for the check a negotiable certificate of credit for \$500 on the purchase price of an automobile. The liability thus incurred by the plaintiff company in issuing the negotiable certificate of credit, in full execution of its contract of exchange, is pro tanto a good and sufficient consideration for, and payment for, the check; and where as here, the certificate of credit is outstanding and unrevoked and the plaintiff's liability thereon still continues, it is not bound to prove that it has actually paid the amount for which the certificate of credit was issued, in order to recover the full amount of the check from the drawer thereof. *Duncan v. Gilbert*, 29 N. J. Law 521; *Miller v. Marks*, 46 Utah 257, 148 Pac. 412; *Matlock v. Scheurman*, 51 Or. 49, 93 Pac. 823, 17 L. R. A. (N. S.) 747.

The plaintiff, being the holder of the check in due course, and having paid the full amount agreed to be paid therefor before receiving notice of any infirmity in it or defect in the title of the person negotiating it "may enforce payment of the instrument for the full amount thereof against all parties liable thereon." Negotiable Instruments Act (C. S. p. 3741), sections 54, 57.

The judgment will be affirmed, with costs.

## Garnishment of Proceeds of Draft by Drawee

*Anderson v. Keystone Chemical Supply Company*, Supreme Court of Illinois,  
127 N. E. Rep. 668.

A corporation borrowed money on its note from a Philadelphia bank and as security gave the bank a draft on a party in Chicago, attached to a draft covering a shipment of caustic soda. The draft was drawn by the corporation, payable to its order and indorsed by it in blank. The bank sent the draft and bill to its Chicago correspondent, with instructions to credit its account with the proceeds. In order to secure the release of the shipment, the drawee paid the draft and then immediately attached the proceeds in the hands of the Chicago correspondent, in an action for an alleged breach of contract against the drawer of the draft. The note, which the corporation gave to the bank, provided that the security, or any money on deposit with the bank, might be applied to the note or to any other obligation. During the entire time covered by the transaction the corporation had on deposit in the bank a sum greater than the amount due on its note. It was held that the bank could not be compelled to charge the note against the deposit for the benefit of the Chicago creditor and that the corporation had no interest in the proceeds of the draft in the hands of the Chicago correspondent, which the creditor could reach by attachment. The proceeds represented money owing from the Chicago correspondent to the bank in Philadelphia and not to the corporation.

### OPINION

Action by John A. Anderson and others against the Keystone Chemical Supply Company, wherein the First National Bank of Chicago was garnishee, and the Union National Bank of Philadelphia intervened. From judgment for plaintiffs, intervener appeals. Reversed, with judgment against the

garnishee in favor of the intervener and in favor of the plaintiffs.

THOMPSON, J. October 25, 1917, the Keystone Chemical Supply Company borrowed from the Union National Bank of Philadelphia, appellant, \$4,000, giving to the bank its demand note for that amount. At the same time it delivered to the bank as collateral security for the note two drafts, with bill of lading attached, one on the World's Trading Company of New York for \$1,479, and one on Anderson & Gustafson, appellees, for \$3,219.65. The collateral note contained the following, among other, provisions:

"Upon default of payment \* \* \* we do hereby authorize and empower the holders hereof, for the purpose of liquidation of this note, \* \* \* to sell, transfer, and deliver the whole and any part of such security, \* \* \* at public or private sale, at any time or times hereafter, with the right on the part of such holder to become the purchaser and absolute owner thereof, free of all trusts and claims. And it is further agreed that the securities hereby pledged, together with any that may be pledged hereafter, or any moneys now or hereafter in the hands of the holder of this obligation, on deposit or otherwise, to the credit of or belonging to the undersigned, shall be applicable in like manner to secure the payment of any past or of any future obligations of the undersigned held by the holders of this obligation, and all such securities in their hands shall stand as one general, continuing collateral security for the whole of said obligations, so that the deficiency on any one shall be made good from the collaterals on the rest."

Both drafts were indorsed in blank by Keystone Chemical Supply Company. The New York draft was paid, and October 29 the note was credited with \$1,479, leaving the amount due on the note \$2,521. Appellant sent the Anderson & Gustafson draft, with bill of lading attached, to the First National Bank of Chicago for collection. The bill of lading covered a shipment

of caustic soda from the Keystone Company to appellees, who had a claim for \$4,100 against the Keystone Company for an alleged breach of contract. In order to secure the release of the shipment appellees paid the sight draft, and then, to guarantee the payment of whatever judgment they should get against the Keystone Company, they immediately attached the proceeds of the draft in the hands of the First National Bank. The garnishee answered that it was not at the time of the service of the writ of attachment indebted to the Keystone Company, and that it did not have possession, charge, or control, at or since that date, of any property of the Keystone Company, but answered that on October 27 it received for collection from the Union National Bank of Philadelphia a draft for \$3,219.65 drawn by the Keystone Chemical Supply Company on Anderson & Gustafson, payable to the order of the Union National Bank of Philadelphia, with instructions that upon receipt of payment of said draft to credit the account of the Union National Bank in the First National Bank with proceeds thereof, and that on the 29th day of October appellees paid and took up said draft; that at no time has it been subject to instructions of the Keystone Chemical Supply Company, and, so far as it was advised, the draft was the property of the Union National Bank. This answer of the garnishee was not traversed. Appellant was given leave to interplead, and by its intervening petition represents that before maturity and for value it purchased from the Keystone Company the draft and sent it to the First National Bank for collection, with directions to credit it with the proceeds. The draft and bill of lading, with their indorsements, and the check given in payment of the draft, were introduced in evidence, and appellant moved for judgment in its favor. This motion was denied, and a finding was entered against appellant. Motions for new trial and in arrest of judgment were made and overruled, and judgment was entered finding appellees were



entitled to the proceeds of the draft. On appeal to the Appellate Court for the First District the judgment of the municipal court of Chicago was affirmed and a certificate of importance granted. From that judgment this appeal was prayed and perfected.

There is no controversy regarding the facts in this case. As appellees put it, "The only question before the court was whether the moneys admitted to be in the hands of the garnishee bank should be awarded to the plaintiffs in attachment or to the interpleading bank," or, as appellant puts it, "Is the First National Bank of Chicago, on the uncontroverted facts, the debtor of the Union National Bank or of the Keystone Chemical Supply Company?" Appellant urges that the judgment cannot stand on account of procedural errors, but no error was assigned on this ground in the Appellate Court nor does the assignment of errors in this court raise the question, so the question is not before us for decision. The only questions presented for review by the assignment of errors are questions on the merits.

When the Keystone Chemical Supply Company deposited with appellant the Anderson & Gustafson draft, indorsed in blank, the paper became the property of the bank. *Doppelt v. National Bank of the Republic*, 175 Ill. 432, 51 N. E. 753; 7 Corpus Juris, 599.

When this draft, indorsed in blank, was sent by appellant to the First National Bank for collection, with directions to the First National Bank to deposit the proceeds to the general credit of appellant, the title to the proceeds when the draft was paid vested in the First National Bank and it became the debtor of appellant in that amount. *American Exchange Nat. Bank v. Theummler*, 195 Ill. 90, 62 N. E. 932, 58 L. R. A. 51, 88 Am. St. Rep. 177; *Marine Bank of Chicago v. Rushmore*, 28 Ill. 463; 3 R. C. L. 633, 636; 7 Corpus Juris, 616.

Furthermore, the decided cases establish the rule that when negotiable

paper is indorsed and transferred before maturity as collateral security for a loan of money then made, the pledgee who takes the paper without notice of any defense is a holder for value in the usual course of business. *Brooklyn City & Newton Railroad Co. v. National Bank of the Republic of New York*, 102 U. S. 14, 26 L. Ed. 61; *Koehler v. Dodge*, 31 Neb. 328, 47 N. W. 913, 28 Am. St. Rep. 518; *First Nat. Bank of Chattanooga v. Stockell*, 92 Tenn. 252, 21 S. W. 523, 20 L. R. A. 605; 4 Am. & Eng. Ency. of Law (2d Ed.) 289; 8 Corpus Juris, 487; 3 R. C. L. 1058.

When appellant accepted the Anderson & Gustafson draft with bill of lading attached it became the holder in due course of the draft, and, furthermore, it took title to the goods described in the bill of lading attached to the draft. *Walsh, Boyle & Co. v. First Nat. Bank*, 228 Ill. 446, 81 N. E. 1067; *Ladd & Tilton Bank v. Commercial State Bank*, 64 Or. 486, 130 Pac. 975, 49 L. R. A. (N. S.) 657; *Means v. Bank of Randall*, 146 U. S. 620, 13 Sup. Ct. 186, 36 L. Ed. 1107.

When appellees attached the proceeds of the draft in the hands of the First National Bank the Keystone Company had no interest in them and they could not be held to satisfy its debts. *Walsh, Boyle & Co. v. First Nat. Bank*, supra; *Painesville Nat. Bank v. Hannan (Colo.)* 171 Pac. 364. "A bank acquiring in due course a draft for the price of goods, with the bill of lading attached, is the owner thereof, and the proceeds in the possession of another bank collecting the draft cannot be attached as the property of the seller." 7 Corpus Juris, 617.

It is contended by appellees that because the Keystone Company had on deposit with appellant a sum of money in excess of the balance due on the note, which deposit was collateral to the note, there was no indebtedness owing to appellant when the writ was served. The evidence shows that on October 25 the Keystone Company had a balance with appellant of \$11,054 22

and that on October 29 (the date the attachment writ was served) it had a balance with appellant of \$24,603.18. In fact, from the time the \$4,000 loan was made until December 1 following, the Keystone Company's balance with appellant was in excess of the amount remaining due on the note. It is true that on a final balancing of accounts the financial status of the Keystone Company with appellant remained the same after borrowing the \$4,000 as it was before the loan was made. In other words, the Keystone Company gave its note to appellant as an evidence of an indebtedness of \$4,000 to appellant and appellant credited the Keystone Company's account with a \$4,000 deposit, and thereby became indebted to the Keystone Company for that amount. This is the customary banking transaction when a customer of a bank wants to increase his checking account and borrows from the bank the money with which to do it. It cannot be said, however, that because appellant owed the Keystone Company more than the Keystone Company owed appellant the Keystone Company was not a debtor of appellant. The latter had the right, if it saw fit, to pay itself from the Keystone Company's funds the amount remaining due on the note.

In this case, however, this right was personal to appellant, and it could not be compelled to apply the deposit to the payment of the note for the benefit of appellees. *First Nat. Bank v. Peltz*, 176 Pa. 513, 35 Atl. 218, 36 L. R. A. 832, 53 Am. St. Rep. 686.

Nor can the principle of marshaling of assets be applied to a case of this character. That doctrine, resting upon equitable principles, requires a creditor who has a lien on two funds in the

hands of the same debtor to make his debt out of that fund to which another creditor who has a lien on one of them only, cannot resort. Regardless of the condition of the account between the Keystone Company and appellant, the Keystone Company did not own the proceeds that were attached in the hands of the First National Bank, and therefore, they cannot be held to satisfy its debts.

The trial was before the court without a jury and no propositions of law were presented. Appellees contend that appellant, by its failure to submit proposition of law, has preserved no question for this court to review. All the evidence produced before the court was evidence on behalf of the intervening petitioner.

As we have said, there is no controversy here as to the facts, and so appellant's motion for a finding in its favor raised a question of law whether the evidence fairly tends to support the interplea. Where there is no controversy regarding the facts, the question whether these facts sustain the plaintiff's cause of action or defendant's defense is a question of law. *Babbitt v. Grand Trunk Western Railway Co.*, 285 Ill. 267, 120 N. E. 803; *Kee & Chapell Dairy Co. v. Pennsylvania Co.*, 291 Ill. 248, 126 N. E. 179.

The judgments of the Appellate Court and of the municipal court are reversed and judgment is entered here against the First National Bank of Chicago, garnishee, for \$2,521 in favor of the Union National Bank of Philadelphia, appellant, and for \$698.65 in favor of Anderson & Gustafson, appellees. Costs will be taxed against appellees.

Reversed, with judgment here.



# Community Trusts

Their Growth and Development in American Cities—Are  
Practical for Small Communities as Well as Large

By Frank J. Parsons

Vice-President United States Mortgage and Trust Co., New York

[From an Address Before the New York State Bankers Association.]

**T**HE first Community Trust or Community Foundation was created in 1914 by Frederick H. Goff, president of the Cleveland Trust Company, and in five years has grown from hardly more than an idea to a fund to which approximately \$100,000,000 has been given or bequeathed. Proof, surely, of its tremendous appeal to the benevolently inclined people of Cleveland. Indicative, also, of its eventual adoption by all progressive cities throughout the country.

Community trusts are now operative in over thirty cities of the United States and the plan is just as practical for small communities as for large cities.

The Community Trust plan is a recognition of two fundamental facts—first, the element of certain and constant change which is taking place in our social structure and in our viewpoint with respect to charity (I speak in the broad legal sense of the word) and—second, that the charitable problems of each generation can better be solved by the best minds of these generations rather than through the medium of the dead hand of the past.

To permanently endow an individual or an institution is, in the light of history, a questionable and even dangerous act. David Hume once said that the endowment of the Christian Church would be the surest means of benumbing it and Elbert Hubbard gave it as his opinion that there were only three men then in the United States whom it would be safe to endow—Thomas A. Edison, Luther Burbank and Booker T. Washington. It is undoubtedly true, however, that even these three splendid types would have

done less effective work had they been relieved of the necessity for struggle and effort.

For centuries it was regarded as an act of piety to create a foundation to build an alms-house, or to provide for the perpetual giving of alms to the poor of a parish. We now know that both tend to increase the evil sought to be corrected.

As Judge Goff has said: "Many will be found who agree with Mr. Rockefeller that money that comes without effort is seldom a benefit, and with Mr. Carnegie that we are trustees in a very real sense of the wealth we possess. There are many who fear to enrich their children unduly or to make them the prey of the fortune-hunter or the cunning and unscrupulous promoter."

To quote from a pamphlet recently published by the Philadelphia Foundation, "For the ordinary men, looking over the field of charity, the impression that first comes upon the mind is one of confusion, bewilderment and disappointment. He sees a vast mass of instrumentalities, public and private, individual and associate, incorporated and unincorporated, religious and non-religious, racial, national and international, solvent and insolvent, useful and ornamental, some living, some dying, some dead, over-lapping, competing, interfering, unorganized and unco-ordinated, and known to no one person in their entirety; and he sees in addition voluntary societies endeavoring to organize order out of chaos. He sees in them all degrees of efficiency and inefficiency, and he may even acquire a certain degree of disgust."

The endeavor to co-ordinate and humanize charity, however, has been

broadening and strengthening and I may mention especially several of the more modern instrumentalities which it has enlisted in its service.

First, on the theoretical side, foundations engaged in the study of social problems, such as the Rockefeller Foundation, Carnegie Foundation, Russell Sage Foundation, etc.

Second, on the social side, settlements for improvement by social contact, as the neighborhood and college settlements.

Third, on the administrative side, the charitable expansion of such agencies as the Board of Health, as, for example, the work of the District Nurses, the housing commissions, and similar bodies, whose objective is the public welfare; in which what was formerly charity is linked up with municipal function.

Fourth, on the judicial side, the development of the auxiliary activities of municipal courts, medical, educational and probationary.

Fifth, and most recently of all, on the mechanical side of individual philanthropy, the Community Trust or Foundation.

You will observe that in all these instrumentalities the effort is to fit the function to the varying needs of life, to humanize, to democratize and to effect that adaptation of instrument to environment which is one of the definitions of life.

None of these organizations are formed to carry out the petrified ideas of an earlier period. The effort of the Community Trust is to do this for individual bounty, to prevent the dead hand of the past from stifling the growth of the present and to afford a mechanism which shall be adaptable to changing conditions by allowing the objects of the charity to change with them.

To the extent that trusts are created for the good of humanity, or made ultimately available for such use even if dedicated to special purposes at the outset, it would make for greater efficiency and economy, for better security and abler management if the property constituting such trusts, were held and

administered as though constituting a single trust, with power to designate the use of income lodged in a competent and representative committee or board of trustees.

X The purpose of the community trusts thus far created, is to provide such administration and control. They might be defined as charitable trusts created and managed by the members of a community for the benefit of the community. They permit of the use of income and principal under certain conditions, for every charitable and educational purpose which makes for the advancement of mankind, regardless of race, color or creed. For the most part they provide that the trustee shall respect and be governed by any particular wishes that may be expressed by the donor as to the use to be made of the property given by him, but only insofar as the purpose indicated shall seem to the trustee under conditions as they may hereafter exist, wise and most widely beneficial, absolute discretion being vested in the trustee to determine with respect thereto.

The practical questions, therefore, to be considered, are what is a Community Trust—what are its functions and in what way may it be hoped to correct some of the existing evils and shortcomings in the charitable field? The Community Trust as outlined in the Resolution creating The New York Community Trust is described as "a plan which shall meet the changing needs of the times for charitable gifts, with flexibility in the power of distribution, and which shall afford an opportunity alike to persons of wealth and persons of moderate means to make their several gifts to different trustees of their own selection, to provide for the selection of beneficiaries of such gifts by impartial persons chosen for their knowledge of the educational, charitable or benevolent needs of the times; and further, to provide for the safeguarding of the permanent security of the principal of the gifts."

The principal elements in a Community Trust are the banks and trust companies which act as trustees for the

conservation of the charitable gift and for its investment and reinvestment, a public Committee of Distribution consisting of eleven people chosen for their knowledge of charitable needs, and who, while not actually handling income, control and direct its distribution, and a director who under the direction of the Committee of Distribution and the trustees, has charge of the current and active affairs of the trust.

It will be of interest, also, to consider briefly the difference between private foundations or trusts, and the Community Trust. The principal difference lies in the fact that these private foundations represent usually the benefactions of a single individual and have a self-appointed and self-perpetuating committee of distribution. While this perhaps may be justified in the case of a man distributing his own wealth solely, it is not desirable in the case of an aggregate of gifts from many individuals and for the benefit of the community. These private foundations also sometimes have a fixed purpose, the funds being given on the theory that charitable needs do not change. This is not so, however, in some cases, the Rockefeller gift, for instance, imposing no restrictions and making no suggestions as to how either interest or principal shall be used. A reading of history, moreover, and even a brief survey of the situation, will indicate that charitable needs are constantly changing.

We are not as old a country as England and our charitable situation is not as bad as it is there. In that country some 40,000 foundations or trusts with fixed objects had been created in past centuries. The great majority became abortive, because the thing the donor had in mind one hundred or two hundred years before, no longer existed or became of no social value. The situation became so serious that Parliament was called in special session and passed an Act which only now is endeavoring laboriously to get these funds back into live and useful current charities, an object which would have been

accomplished without waste, expense or unnecessary delay had the money been given through the Community Trust Plan. Young as we are, however, this country is by no means free from illustrations of the folly of making charitable gifts with fixed objects, as anyone familiar with the drawing of wills can testify. Benjamin Franklin, by many considered to be the wisest American, set aside a certain sum of money in his will which could be used only for the maintenance and benefit of a certain type of artisan numerous and worthy at that time, but which do not exist today, having been eliminated by changing social conditions, the introduction of machinery, etc. Wise in his own generation, Franklin failed when he tried to provide for the future.

A large trust was recently created in Cleveland which provided for the use of income for all time for certain charitable institutions in designated amounts, regardless of whether they were worthily and efficiently operated. Another large trust provided for the distribution of income among certain hospitals in proportion to the number of patients cared for without regard to the character or cost of service. An audit made last year disclosed that one of the hospitals was operating at a per patient cost of about \$1.60 per day, while at another the per patient cost was \$4.50. Another trust created about six years ago provided that after the death of certain individual beneficiaries, the income of a very large estate should be devoted for all time to the beautifying of a cemetery.

There is on deposit with a St. Louis trust company, the Mullanphey Fund of something like \$3,000,000, given by a well-meaning but short-sighted Irishman, who had had a hard time while a young man in crossing the great American desert and who left this fund to assist worthy fellow-Irishmen in their hazardous journeys across the desert. One can well imagine the difficulty of wisely and intelligently spending the income from such a fund. I noticed very recently, under the will of a resident of New Jersey, a gift

of some \$3,000,000 to found a home for worthy aged bachelors or widowers which while perhaps a welcome relief from the previous disposition to bully, decoy or tax such types into the wedded state, is most unlikely in the light of history to result in any particular good to the intended beneficiaries.

As an illustration of the difficulties of determining whether a gift made with a fixed purpose would have the possibilities of enduring usefulness, we might consider the case of Panama some twenty-five years ago, where the charitably inclined might have desired to dedicate their gifts for establishing and maintaining hospitals for the cure of yellow fever, in ignorance of the fact later ascertained, that the real need was to provide funds with which to drain the swamps and spray the marshes with oil. If a gift of this sort had been made through the Community Trust, it would be entirely possible to respect the desire of the donor as to the general character of the work to be undertaken, but leaving its later manifestations to the care of the then Committee of Distribution.

We must believe in the future and realize that each generation is going to be at least as intelligent as our own and equally as honest, and we can better afford to trust its carefully selected representatives to distribute the income from our charitable gifts wisely, than to attempt to visualize the necessities of the future.

In The New York Community Trust it is felt that a distinct advance has been made over other cities in that, under reasonable restrictions, any institution, state or national, having trust powers, by the adoption of the common resolution and declaration and the affirmative vote of the existing group, may become a trustee and receive bequests for the trust. In this manner a broad basis of co-operation has been secured free from the business jealousies and rivalries which would have obtained if a single company had essayed to act as a trustee for the community.

This provision for multiple trusteeships has made necessary a Trustees'

Committee, an internal arrangement composed of the president or some other executive officer for each company joining the group, to act in matters upon which the trustees have a vote.

Another provision is that each trustee shall, at the beginning, have but one vote, irrespective of their size, but as gifts are made through them, they shall have an additional vote for each \$10,000 of income available for the uses of the trust. In this manner each company receives such business as its standing and clientele entitles it to, and their voice in the management is dependent upon their contribution to the trust.

Again, in New York the Committee of Distribution consists of eleven members, five of which are appointed by the trustees and the remaining six by certain carefully selected public sources of appointment, as against five, the number most often selected, this by reason of the size and diversity of interests in New York. There is no interference with the business coming to each trustee, as each gift or bequest is vested under the terms of the Declaration, as an express trust with the legal title to it in the trustee. An interesting paragraph indicative of the spirit which it is hoped will prevail in the development of The New York Community Trust, states that the Distribution Committee "shall, as a rule of action, as far as possible, carry on its investigation through existing agencies or through specially appointed temporary committees or agents and shall avoid bureaucracy and complicated machinery and consequent expense."

It is probable that a great majority of the community trusts, while assured of considerable sums in the future, will be obliged to commend themselves to the community by what is done with relatively small sums in the early stages of their development. It will be necessary, therefore, to move slowly and lay careful foundations. One of the wisest and most useful things to be done at the beginning in any city, is an appraisal of the social resources of the community. This was done in

Cleveland and elsewhere, and there are now available surveys along the lines of educational needs, recreational activities, etc. It should also be possible to secure funds in a quiet and orderly way for current worthy charities, which are now secured by "drives," of which most of us are pretty well tired, and to foster such charities in the same manner as the Permanent Charity Fund of Boston is doing in that city.

If nothing is done, however, to remove the cause of poverty and crime, but only to take care of the effects, little real progress is made, so that in any wise, well-regulated program it is necessary to take into consideration constructive and preventative measures, including recreation, playground activities and research tending to make charity less necessary.

It is planned that the advertising of the trust is to be of an educational nature and for the present, at least, put out by the trust rather than by the individual trustees, thus minimizing the expense and securing uniformity of treatment.

The advantage to the community, the charities and to the donors of the Community Trust plan may be briefly summarized as follows:

1. The creation and development of a better community spirit and the carrying out of community purposes not otherwise possible.

2. The preservation of the principal and the proper investment and reinvestment of the funds bequeathed by charitable donors through the security of the institutions acting as Trustees.

3. The ability of the trust through its broad powers, without unreasonable delay and expense, to divert to live charities, funds left to an originally worthy but later obsolete philanthropy.

4. The opportunity for men of small means with no direct descendants to make contributions to a common community fund.

5. The opportunity for men of large means after having cared for their own, to provide that a portion of their wealth

or the residuum of their estates after the death of individual beneficiaries, shall remain intact, the income to be used for community purposes.

A matter of this sort must of course be considered by banking and trust company men from the standpoint of "Is there business in it for our institutions?" I believe there are tremendous possibilities for increased trust business, and also in stimulating the general trend toward corporate trusteeships. With proper publicity, the trust officers of the various institutions and attorneys generally fully advised, it is felt that with energy and enterprise on the part of each trustee, much benefit will ensue. It is certain that the possibilities under the Community Trust plan are vast and far-reaching. To translate these possibilities into business and public benefit will call for a thorough knowledge of the plan, on the part of trust officers, attorneys or other officials in each institution a strong belief in its merits and personal zeal in advocating them.

I also believe that the business side of it, the selfish side of it, must be subordinated, and that we should act with donors, in our advertising and in our own minds from the standpoint of a great Community Trust, for the benefits that will be derived by the charities and the community. We as trust company men and bank men are certain to receive our reward, because every gift means a trusteeship. The business end will take care of itself. This movement in time will bring the trust companies and banks in more direct touch with charities and give a wider knowledge and broader sympathy than most of us possess today.

As has been well said, "the Community Trust can afford to wait; it is for all time; it has no pressing demands; it can gather up bequests and donations as and when donors desire to give them and translate them into practical, helpful assistance for that portion of the community which at the moment stands most in need of help." Time

will be required to determine the value and usefulness of community trusts. I am certain they will be found helpful

in avoiding the evil effects of the "Dead Hand" and in stimulating and safeguarding gifts to charity.



## Bankers Successfully Use Business Methods in Building up a Sunday School Class

By Frank H. Williams

**I**N Fort Wayne, Indiana, C. H. Worden and O. N. Heaton are deeply interested in the success of the Men's Bible Class of the First Presbyterian Church of that city—the first as president of the class and the second as class leader—and in their efforts to build up attendance and increase interest in the organization they have successfully adapted to their Sunday school work the business methods they daily use in their banking institutions. Mr. Worden, it might be added, is the president of the First and Hamilton National Bank, the largest financial institution in the state outside of Indianapolis, and is a former president of the Indiana State Bankers Association; while Mr. Heaton is the president of the Citizens' Trust Company, of Fort Wayne.

The business plan adopted by these two bankers for the building up of the class has been the use of a direct mail advertising campaign. The exact plan pursued is this:

A mailing list has been prepared of all class members and of all men in the church and in the community who, because of their associations and inclinations, should be members of the organization. On Friday of each week the little printing plant which is a part of the First National Bank's office equipment prints a bulletin prepared by the bankers. A copy of this bulletin is mailed to each man on the list, and, of course, reaches him on Saturday of each week, at a time when the appeal to him

to come to the class on Sunday will have its greatest force.

So far during the months that this plan has been in force, not a single week has been missed in sending out the bulletins, and during these months the attendance at the class has grown until it is now one of the largest organizations of its kind in the state, and the interest has increased until it is the liveliest sort of a gathering every Sunday morning. There is no question but what this adoption of strict business methods to a proposition altogether apart from business has met with distinct success, and in it would seem to lie suggestions for other bankers and individuals who are wrestling with problems the same or similar to that of building up a Sunday school class.

It is interesting to read some of the bulletins sent out each week. Here is a typical one:

**"WORK.**

"Today's production is twenty per cent. less than it was a year ago.

"This statement was made by a prominent mine operator at Pittsburgh recently. On every hand we find emphasis given to the fact that production is falling off.

"The slogan for the great mass seems to be: 'A large remuneration for a modicum of effort.'

"Perhaps the laborers should not alone be blamed. In the present crisis of readjustment the employer has a re-



sponsibility which he must meet squarely.

"The strength of his influence will be greatly enhanced if the sincerity of his Christianity is unmistakable. His explanation of the necessity and dignity of work takes on incontrovertible meaningfulness when based on the words of Him Who commanded all to earn their sustenance through honest effort.

"The study of the great principles of Christianity is the purpose which brings together each Sunday in ever-increasing numbers the members of our Bible Class.

"May we not ask each member to go into No Man's Land and ask some new man to meet with us next Sunday?"

"We earnestly entreat you to be with us Sunday morning.

"THE MEN'S BIBLE CLASS,  
First Presbyterian Church."

Here is another sample of these bulletins, this one containing a sales punch which should surely go far toward "selling" the class to every man who reads it:

"A PRIVILEGE AND A PLEASURE.

"The janitor of Henry James' flat was interviewed shortly after the death of that great writer. The servant said he did not know Mr. James was a writer, although he seemed to be a respectable old man.

"The crowds everywhere think the Bible quite 'respectable.' A comparatively few appreciate the golden richness found in the Written Word—in the incomparable literature, if you please, of the Testaments.

"To study the Bible may be a duty. Certainly it is necessary, if one would more effectively vitalize his spiritual life. But to study and discuss the Bible with those men who constitute the Men's Bible Class should be both a pleasure and a privilege. Attending this class each Sunday at 10 o'clock is a group of men sincere, interested, intellectual. There is real inspiration through the co-operation and association of active minds.

"That is why we find justification for the pride we take in the strength and service of our class. That is why it is infinitely better for you to attend this class than to study the Bible at home.

"Today is forever putting yesterday on trial. We want you to keep up your interest and bring new members with you each Sunday.

"THE MEN'S BIBLE CLASS,  
First Presbyterian Church."

Here's another, with a logical, business man's direct appeal, convincing argument:

"KNOW THE ROAD AHEAD.

"Orders moving entire armies during the war were written in terms of well defined maps. To move their soldiers safely and expeditiously, commanding officers had to know how to read military maps. Ignorance on this point might involve the loss of thousands of lives. A definite knowledge of the route to be followed was all-important.

"The peoples of the human race have steered through many a vale of tears. Oftentimes they steered blindly, knowing not why they wept. They made no surveys and constructed no maps. Why they were on earth and what they were doing were obscure points in their minds.

"Today men and women are groping rather wildly in a vale of materialism. To avoid the shipwreck of faith, there must be a clear understanding of the path to be traversed.

"The Bible alone is able to give us a satisfying basis for the spiritual expression of our lives. It is a map, if you please, which Christian leaders must know, if they are going to orient themselves to the truth spiritual North.

"This class, devoted to the study of a Generalship than which there is no greater, urges you to bring at least one new associate with you Sunday.

"It is an especially good time to bring the objects and aims of the Men's Bible Class to ALL THE MEN of the First Presbyterian Church, and give them an opportunity to help carry out these aims.

"THE MEN'S BIBLE CLASS,  
First Presbyterian Church."

Interesting, isn't it?

And doesn't that indicate that bankers

who have interests outside of strict business in which they are interested can apply to these business methods which they use with success in their daily work?



## A Safe Deposit Moral

The Story of a Wise Man Who at the Last Became Foolish

By L. J. Morgan

Advertising Manager, First National Bank, St. Joseph, Mo.

[*This story with a moral first appeared as an advertising pamphlet for the safe deposit vaults of Mr. Morgan's bank.*]

**O**NCE there was a man who believed in work.

He had saved a few hundred dollars from the wreck which the "H. C. L." had made of his income, or salary, or whatever the money which a man receives for his labor is called.

And one day he said to himself:

"Man, you worked hard for this money, what are you going to do with it?"

"Shall you spend it for luxuries and thus increase the profits of the profiteers?"

"Or shall you go broke in one wild orgy of riotous living?"

Being possessed of wisdom above the average, he did neither, but one day he hid himself to the office of the "Bond Merchant."

And there he was careful, Oh! so very careful to select only the safest and gilted of gilt edged bonds.

And having drawn his check on the bank which held his surplus cash, he handed it to the "Bond Merchant" and received in exchange his purchase, which, as he thrust it into his pocket, gave a crackling sound exceedingly pleasant to the ear.

Then he went forth into the busy streets of the city and wended his way homeward, where with prideful bearing he made talk with his good wife

Thus:

"See what I have done. I have taken our savings, which have reposed in the bank for these many months, and have converted them into six per cent. interest bearing bonds.

"I shall continue to deposit to my savings account.

"Soon I'll have enough to buy more of these gilt edged beauties.

"If I keep this up, what a pleasure it will be in my old age to nurse a thumb—sore from clipping coupons!"

Speaking these words of wisdom, the man sat himself down and inhaled the delightful odors emanating from the kitchen, for the evening meal was almost ready to be served.

But his good wife, though duly impressed and full of pride for her lord's achievement, was mindful of the necessity of keeping safely that which they had worked so hard to obtain.

So she ventured a suggestion, which the man of wisdom most foolishly spurned.

"Man," said she, "these bonds are the fruits of our labors; it behooves us to keep them safely.

"Let us take them and the deed to

our home, our fire and life insurance policies, and the rest of our papers; let us go into the city where I am told there is a place of strength in which those of wealth place even their jewels of great price, and where such as these may be safely kept.

"There for a small sum we will rent a box and place in it these documents which are of such exceeding great value to us. Then behind massive steel doors and walls they will be safe from fire and thieves, and we can rest in peace."

But the man became angered.

"Foolish woman," he shouted, "why should I pay good money to have a few

papers kept in safety? Think you I cannot do this myself?

"Nay! Nay! What I make I am able to keep."

So the man placed the bonds, along with the deed to their home, their fire and life insurance policies and the rest of their papers, in a tin box which, being carefully locked, he hid under the bed.

And the next night burglars came and cleaned them out.

Moral:

The man who acquires property is wise, but becomes foolish if he neglects to safeguard it properly.



## Proverbs of a Paying Teller

**H**E that is short changed returneth again, but the one with the extra ten tarrbeth not.

The customer layeth wait and the messenger lurketh privily to destroy thee without cause, but a good endorsement is a strong tower.

Seest thou thy neighbor diligent in checking over his day's work? Say not, "Hast thou a difference?" Even a fool when he holdeth his peace is counted wise. Mayhap he practiseth penmanship or seeketh some reason why his salary has been raised.

As a man that taketh away thy garment in winter, so is he that singeth songs when thou hast a difference.

I had rather be a doorkeeper in the house of the Lord than count the collections therefrom on Monday.

The Treasury sendeth new currency and the clerk cutteth it asunder, but the naughty person winketh with his eyes and sayeth, "Aha, Aha, thou art making

money fast." Of the surety, one generation passeth away and another generation cometh, but that joke abideth forever.

This have I observed: one man hideth his money in his bosom, and another putteth it in his trousers pocket, but the stout woman hath them skinned to death for a safe place.

My son, put not thy trust in perfume. Follow hard after her if thou wilt, but look up her check first.

Hearst thou one that sayeth: "Lo, this is done in the East," or "Lo, it was never on this wise in the East." Pass not nigh unto him, for a hayseed lurketh in his hair, neither hath he at any time been a day's journey from his own dunghill.

Seest thou a man getting a check book for his wife? Jest not with him, lest he tell you that hoary one regarding her overdraft and all the stubs she had remaining.—*The Ambassador.*

# A "Get Acquainted" Counter

## Why Information Desk is Central Feature of the Main Floor Plan

**T**HERE is no chance for a touch of "aloofness" in the modern offices of the Rhode Island Hospital Trust Company of Providence, R. I. That venerable but unmentioned banking tradition has been replaced by something more neighborly and at the same time more consistent with true financial service. It was in accord with the spirit of "friendly business" that this company, in planning its new quarters, established an inviting information desk as the central feature of the main floor.

Today, the stranger entering the banking rooms has no occasion for an instant's doubt where to turn to begin his dealings with the company. Directly in front of him he finds opportunity for prompt and cordial answers to his questions. And from this desk he is put in immediate touch with the department that is adapted to meet his wants.

It is more than an ordinary information desk. It is in reality the company's "get acquainted" counter.

The location and architectural attention given to it are indications of the importance it holds in the minds of the officers. Exactly between the two entrances, its marble balustrade harmonizes perfectly with the renaissance architecture of the room, of which it was designed to be an integral part.

Here the information clerk, Stanley C. Johnson, is accessible to all, and is the first representative of the company with whom hundreds of new customers are coming in contact, and to whom, it may be added, many old customers are learning to turn for quickly available information.

His work covers a range that reveals how intimate a part financial operations play in almost every phase of the affairs of modern life. He is called upon not merely to furnish directions, which, perhaps, one of the uniformed attendants at the door could give as well, but to learn the special wants of newcomers and put them in prompt and

friendly touch with the departments whose specialized services their needs require.

Mr. Johnson's banking experience has covered a period of over seventeen years, during which time he has become familiar with the operations of nearly every phase of a trust company's operations. He was with the American National Bank when, in 1906, that institution was consolidated with the Rhode Island Hospital Trust Company, and served in the bookkeeping, statement and new account divisions until last October, when the information desk was established in temporary quarters. Since then many compliments have come to him for the skill and resourcefulness with which he has organized this new service.

The subjects with which he is called upon to deal are apparently as varied as the uses to which dollars may be put. In the day's list come such questions as:

"Where can I cash War Savings Stamps?"

"What is the personal income tax rate for the current year?"

"How many revenue stamps must I put on this mortgage?"

"Can I borrow money on a note with an endorser instead of collateral?"

"Can I deposit here a tenant's bond for payment of rent while I am out of the city?"

"How do I appoint the Hospital Trust Company as executor of my will, and may I file the will with the company?"

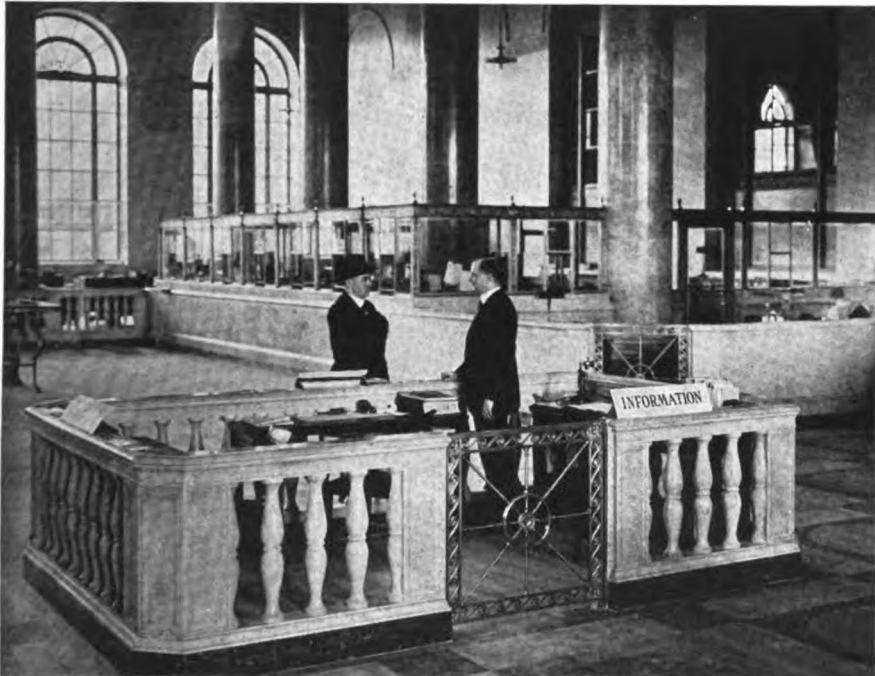
"Where shall I go to open an account here?"

This latter question finds Mr. Johnson very much "at home," for opening new accounts is one of the functions of the desk. All the details, including identification, may be arranged with him.

At the desk are city directories, city and state manuals, tax lists, time-tables

and various documents to facilitate the prompt answering of general inquiries, as well as booklets concerning the company's services, for distribution. Copies of the current issues of *The Netopian* are also to be obtained there, and in-

Opportunity is sometimes afforded, also, to render services by no means directly connected with banking, as when the information clerk was recently able to assist one of the customers of the company, a woman unused to dis-



Information Booth in centre of Banking Room, Rhode Island Hospital Trust Co.

formation in regard to the architecture and dimensions of the new building is given in response to many questions each day.

Frequent inquiries at this season concern foreign exchange, the securing of letters of credit or A. B. A. cheques, and financial arrangements for summer tours. Traveling salesmen seeking local business directions find here a convenient source of information, and a recent letter from a western manufacturing concern cordially thanks the company for services rendered to its representative on a Providence visit.

tant travel, to hasten arrangements for a long trip she was called upon to make.

In many cases it has been found that inquiries concerning certain specific problems have led to explanations of forms of the company's many varied services of which the applicant was entirely ignorant, yet which proved to be the exact thing needed to fit his desires.

In these and many other ways the "get acquainted" counter is demonstrating its unique value to friends and customers of the company.

—From *The Netopian*.



## Observations of an Outsider

### A Non-Banker Gives His View-Point on Banking Service

**T**HERE'S a bank I visit frequently that makes a point of keeping clean pens and clean blotters on its customers' desks in the lobby. To be sure, it's a small matter, but it struck me as just one of the little refinements of service that made that bank attractive.



Speaking of service, there is a new bank that rather overdoes it a bit. Its officers have read so much about how to give the glad hand to customers that they rather overwhelm one and make you feel that they make a business out of their courtesy instead of making an offer of ordinary business courtesy. It's like getting an overdose of sweets, and even savors a bit of the old "puller-in" of the old-time clothing stores on the Bowery.



Massachusetts is having a merry war of rates, as evidenced by the advertisements of the different savings institutions spread over the front pages of the newspapers. It's a merry scrap, in which the depositing public is benefiting, the newspapers are benefiting and the banks are getting closer to the public than they have ever been in their lives. Some of the banks that have been outdistanced in the matter of rates of interest are cleverly making use of advertising to offset the higher rate of a rival institution by an offer of service, an assurance of security and a reputation for sound, conservative judgment

in handling its depositors' funds. I'm just an Outsider, so I say: "May the scrap go on, for it is a scrap in which everyone will win, even the innocent bystander, and that's unusual."



They tell me that banks have had to ask many of their customers to shorten up their loans. Some banks have done it in such a way as to antagonize the borrower, while others have made the borrower feel that he was playing an important part in a sound reconstruction policy, and that the bank was a well managed, friendly institution. It's all in the method.



I was waiting in line at a paying teller's window the other day. The man ahead of me asked for some new fifty-dollar bills. The teller said: "I'm awfully sorry, but I haven't one in the place—but wait a minute"—and he dug down through several piles of bills that had been sorted, bundled and labeled, until he found the required number of "nearly new" bills, and the customer went away fully satisfied. Good service.



I saw a young boy go into a bank the other day to deposit a small gold-piece in the savings department. The clerk back of the counter greeted him, made some pleasant remark about the boy "getting started along the right track," added some interest that was

due, and pointed out in boy-language how his deposits had been working for him while he played, and that boy left the bank with his head up and a look on his face that showed that the friendly talk of "one feller to another" had made a lasting impression.



Lots of banks have a sign in their windows, "Member of Federal Reserve System." It's a safe bet that to four out of ten average depositors this sign has no meaning or significance. They don't know that the Federal Reserve System is the great stabilizing influ-

ence in these troublesome times of reconstruction; they don't know how, indirectly, the Federal Banking System is an asset to them. In fact, there are a lot of things that they don't know about it, for they don't all read the financial papers and reports that the bankers themselves do. I'm not a banker, just an Outsider, but I have bumped into a lot of mighty interesting facts about the Federal Banking System and feel sure that a lot of other outsiders would be as interested as I am if the banks would just make it a point to see that every depositor knew just what that sign in the front window meant.



## The Woman Depositor—A New Factor in Banking

By Neil McNeff

**WOMEN** are rapidly becoming accustomed to their new freedom. One of the evidences of the broadening of their interests is particularly noticed in the banking world.

The increasing number of accounts opened by women, both in the savings and checking departments, has been a matter of wide comment by bankers all over the United States. It is this movement that makes the woman a factor in bank building and planning, declares H. T. Underwood, president of the Underwood Contracting Corporation of New Orleans, specialists in bank construction and equipment.

The bank officer who desires to make his institution of real value to the community and who seeks to promote the efficiency of his organization, increase the facilities for serving his customers and gain in prestige in providing new quarters for the bank, will fail to reap the maximum results of this important step if he does not give adequate space

and thought to the part that women play in modern banking, says Mr. Underwood.

The so-called "stocking room" which was the first concession of our bankers to the interests of their women depositors called forth much humorous comment. Conservative bankers, fearing ridicule, were reluctant to add this "room of mystery" to their institution, and the very women whose need for such service called for this department hesitated to avail themselves of its facilities for privacy.

But the real need for a department of service for women was greater than the temporary attention called to this innovation and gradually the movement spread until today the bank which does not provide special facilities of some kind for its women customers has just cause for hesitating to apply the term "modern" to its service.

The crude "stocking room," often no more than a curtained space in one

corner of the bank lobby, has grown into a well-furnished room, sometimes a suite, many times with a maid and a woman with title of assistant cashier assigned to the duties of advising women on banking affairs. Telephones, desks, tasteful stationery and writing materials are provided. Easy chairs and charming draperies form a part of the furnishing. So, instead of hesitating to become conspicuous in a busy bank, the modern woman finds that these facilities dignify her and form an expression of a recognition of her growing importance in banking.

In the modern bank building, Mr. Underwood maintains that consideration of the woman should enter even before plans are drawn. Not only in the space set aside for her particular use, for the special window in the counter-screen at which she may deposit or withdraw her funds, nor the rest room, but in the entire bank proper, should there be a blending of the feminine atmosphere with what for centuries, has been regarded as strictly a masculine institution.

Beauty in architecture makes a conscious appeal to women. To men the appeal is more unconscious, more in the

atmosphere that is created than in the thing itself. A man enters a room and that room either appeals to him or not; he seldom stops to analyze why it appeals and what particular objects attract him. To him the room is a whole and stands or falls an entirety. To women the appeal is a conscious one. She notices each arrangement, each corner, the walls, even the floors, and judges each separately—and then judges the room as a whole.

The bank structure, the interior decorations and furnishings come in for a much more critical examination, and on her verdict rests the whole appeal of the bank to her particular needs. The new banks being built in the South by the Underwood Contracting Corporation are giving adequate attention to the beauty of their quarters as well as providing the facilities which promote comfort and efficiency for their women patrons.

That there is a real dollars and cents return from this policy has been shown, points out Mr. Underwood, by innumerable financial institutions, both in large centers and smaller towns, as indicated by the increasing list of women depositors.



No. _____	DUE _____			192__
		<i>days after</i>	<i>pay to the order of</i>	
			\$ _____	
			<i>Dollars</i>	
ACCEPTED This drawer may accept this bill payable at any Bank, Banker or Trust Company in the United States which he may designate, and on maturity hereof charge same to his account.				
To _____	DATE _____	PAYABLE AT _____	BY _____	

STANDARD BANKERS ACCEPTANCE FORM  
(Devised by American Acceptance Council)





## Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

SEPTEMBER 1920

**T**HE Banking Publicity Section of THE BANKERS MAGAZINE takes this opportunity of extending a word of welcome to its new contemporary "Financial Advertising," the first number of which has recently appeared. This new journal will be devoted exclusively to financial publicity, as the name indicates and is published by Frank Wilson, advertising manager of the Scandinavian American Bank of Tacoma. Mr. Wilson, who has a wide experience in financial publicity, has been working on this project for nearly a year and the first appearance of the publication is the culmination of much careful thought and study.



A BANK need have no hesitancy about soliciting an account from a business house which already has an account in another bank, because many business men believe that it is a good plan to establish and maintain two good banking connections, dividing bankable funds between the two institutions on the principle that a little competition on the part of the banks is not a bad thing for the customer.



IT is frequently possible to get ideas for bank advertisements from conversations

with business men or others. For instance, a recent conversation with a manufacturing jeweler brought out the fact that about \$400 worth of gold and platinum had been salvaged from the floor sweepings of his factory in a period of six months. This makes a good text for a savings advertisement, calling attention to the unsuspected leaks and overlooked opportunities for saving which a close scrutiny will reveal to most individuals in their own experience.



AMONG the things which a bank could very well emphasize in its advertising at the present time are securities, service, counsel, cooperation and friendliness. These topics and their subdivisions cover practically the entire field of bank advertising.



TO ALL writers of bank advertising, we commend an article which appeared in the American Magazine of May, 1920. It was written by Fred C. Kelly and was entitled "Which Words Do You Use Most?" It contained the results of a study of a large number of business and other letters, containing a total of one hundred thousand words, and the article contains a list of the five hundred commonest words. Of this total there were two thousand different words, but among all these, some were used only twenty-five times in all these one hundred thousand words. This is strong proof that the vocabulary used by the average person is a very

small one. It is notable that practically all of these five hundred words are short, every-day, easily understood words. A word to the wise is sufficient.



THE exchange of advertising matter among banks and bankers is increasingly common. One of the sections of the American Bankers Association is asking its members to send it proofs, clippings or typewritten copies of advertisements; copies of letters inviting business, and copies of booklets or other printed matter used for advertising purposes. There are a number of other exchanges such as that conducted by this magazine, but, after all, the individual bank or individual advertising manager must work out his own salvation with fear and trembling as far as the advertising of his own institution is concerned.



### BANKING-BY-MAIL

"PRINTERS INK" in a recent issue takes occasion to point out the possibilities of the extension of the banking-by-mail idea as a means for gathering together the accumulated savings of the nation and for reaching the small investor that cannot well be reached in any other way. It says in part:

The advantage to the bank, to the depositor, to the economic health of the community and the wealth of the nation would seem almost too apparent to require mention. The accessibility of the savings bank is a check against extravagance. The necessity for visiting a bank in person has lost the bank many a deposit, and the depositor many savings. Making it easy to put money in the bank, at any time of the day or night, in any amount without the necessity of making a special trip to the bank will coax money out of the pockets of thousands of people who

might otherwise spend that money foolishly.

Banking by mail eliminates time and distance. It enlarges a bank's territory. The bank has mail to deal with instead of waiting depositors, and the depositor takes his own time to prepare and mail his deposit.

The sales of chewing gum would be less than what they are if it was advertised less universally and continuously. Advertising has put it on sale in every store everywhere. Banking by mail puts a savings bank in every letter box.

Banking by mail is as yet but dimly understood by the man on the street. He needs to be told what it is, how to do it, what its advantages are to him, and how he can learn more about it. The bank's advertising must be educational. It must explain how money is deposited by mail and how it is withdrawn, and all other details connected with the transaction.

The savings banks are confronted with an unusual opportunity to employ advertising to increase their deposits, multiply their depositors, encourage thrift in the nation and facilitate business by the accumulation of larger capital for investment purposes.



### COURTESY BACKS UP ADVERTISING

Some of the ideas on courtesy published in the Cleveland Trust Company's house organ, "You" are excellent on account of their bearing upon the effectiveness of advertising. That is, courtesy to customers strongly back up the advertising.

A few of the points brought out are as follows:

1. Recognition. Nothing makes a customer feel easier and more at home than the immediate and courteous recognition of his presence. You may be very busy, when some one steps up to your window, but no matter how busy you are, true courtesy dictates that you shall immediately recognize the presence of your customer by a nod or a smile or a spoken greeting, followed by some statement as to when you can give him attention: if there is a line at the window, you can keep everybody in sight in good order by showing them the kind of recognition that means that you will take care of them as soon as possible.

The committee puts the principle of Recognition first because it is the first point of contact and applies with equal force to the opening of every possible transaction with the bank at every window, at every

(Continued on page 408)

## Who's Who in Bank Advertising



EDWIN BIRD WILSON

**E**DWIN BIRD WILSON, of New York, one of the leaders in his line of work, began his bank advertising career in 1903, as advertising manager for the Real Estate Trust Company, of Pittsburgh. He was one of the organizers of the Bankers Ad Association, of Pittsburgh, later becoming its president. This organization grew to be the Bankers Club of Pittsburgh.

Mr. Wilson came to New York City in 1909 to organize and become manager of the advertising department of the Bankers Trust Company, giving special attention to the promotion of the American Bankers Association Travelers' Cheques system launched in that year.

After seven years experience at the Bankers Trust Company, handling all advertising of the company and organizing its New Business Department, he began business in association with other bank and advertising men as Edwin Bird Wilson, Inc.

This agency, of which Mr. Wilson is president, has grown, requiring removal three times to larger quarters in New York City and the opening of a Chicago branch. The concern now directs the advertising of many banking institutions, large and small, throughout North America. It is said that the aggregate resources of the clients of Edwin Bird Wilson, Inc., now approach the \$3,000,000,000-mark. Up to the present time the agency has specialized on individual advertising service for banks, but a syndicated service prepared by the agency is about to be announced. This additional service will bring the Wilson talent to smaller banks throughout the country which have not been able to avail themselves of the individual service of the company.

Mr. Wilson is one of the governors of the New York Council of the American Association of Advertising Agencies. He is a graduate of Princeton University and also holds a degree of M.A. from that institution. He is a member of the Bankers Club of America, City Club of New York, West Side Tennis Club and Flushing Country Club.

Why Save Money Now

It is not the mere fact of your saving money, but the amount you save that is the real test of your success in saving. It is the amount you save that will enable you to meet your future needs and to provide for the needs of your family. It is the amount you save that will enable you to meet the needs of your family and to provide for the needs of your family.

**THE MUTUAL HOME and Savings Association**

1000 N. Dearborn Street, Chicago, Ill.



The CONTINENTAL and COMMERCIAL BANKS CHICAGO

**Ships of The Desert**

Quays Kipling calls them Every one carries his own water tank. With ample reserves they can face a week's travel across the arid wastes.

What is YOUR reserve against a time of want?

The Savings Habit is a Good Habit This Bank will help you cultivate it

**YOU LEARNED TO SAVE**

and economize for home and country during the war

Why not continue to save and economize to build a home of your own?

Hard to get? Perhaps! But every thing worth having is hard to get.

**CHICAGO TITLE AND TRUST COMPANY**  
10 West Washington Street  
Phone Bonded \$1,000,000

CONTINENTAL and COMMERCIAL TRUST and SAVINGS BANK



The CONTINENTAL and COMMERCIAL BANKS

**There's a long Winter Ahead!**

Nature gives the squirrel a heavy winter coat. Instinct makes him store up food. But YOU must look out for yourself.

Have you a savings account? This Bank offers complete facilities for all your banking needs. Convenient hours, convenient location and absolute safety.

CONTINENTAL and COMMERCIAL TRUST and SAVINGS BANK

HOURS: Daily 9 A.M. to 3 P.M. Saturday 9 A.M. to 1 P.M. Sunday 10 A.M. to 12 P.M.

HOURS: Daily 9 A.M. to 3 P.M. Saturday 9 A.M. to 1 P.M. Sunday 10 A.M. to 12 P.M.

**Face to Face With Your Banker**

Can you go into your bank and call the president by his first name and tell him what you want?

Whether you are a large depositor or a little fellow financially, has he shown enough interest in you to get acquainted and put you at ease when you talk to him?

Don't you like to feel when you talk to a man that he appreciates your worth, and don't you like to have him treat you with the same courtesy that you get from people who know you?


We feel that we are selling banking service, and if you come in to buy you are entitled to the best we have. The better we know you the better we can serve you.

That is why you see the office of this bank mingling with customers and getting acquainted.

"The easiest man to see is the president."

**The Home Savings and Trust Company**  
"Denver's Popular Bank"  
Seventeenth and Champa

**What Will They Do With It?**



Supposed that...


**Birmingham Trust and Savings Co.**  
Birmingham, Ala.

OFFICES: BIRMINGHAM, ALA.; MOBILE, ALA.; MONTGOMERY, ALA.; PRICHARD, ALA.; TALLADEGA, ALA.; TUSCALOOSA, ALA.; WETUMPA, ALA.

**President of the Boots**

The President, Charter Member and Grand Eminent Captain of the Order of Boots is the man who saves his money. The man who saves may not succeed but the man who saves never fails to succeed. Don't be a Boot. Have a Savings Account at this State.

**Terre Haute Savings Bank**  
S W Corner Sixth and Ohio



**SOME TROUBLES THAT TROUBLE TOURISTS THAT NEED NEVER TROUBLE YOU**

How many tourists have had their trips spoiled by petty troubles that take their time and energy unnecessarily, particularly troubles regarding their funds.

How easily they could have avoided those troubles by having the right kind of funds, BUT—

How many fail to take these facts into account, or put off the matter of funds until too late to take the time for thought that the importance of the matter demands.

How about you? How are you going to take your travel funds? How to answer that question will be simple, if you will call and let us tell you about

"A. B. A." Cheques—"the best funds for tourists"

**SOLD BY THE FIRST NATIONAL BANK OF DENVER**

**On the Ranch**

A stockman doesn't always have much time for figuring interest, so he has to work it out in "long hand."

We have a patented card, not pocket size, with a correctly computed interest table and calendar—free to anybody who pays or collects interest.

Call or write for yours

**Edwin M. Bosworth & Co.**  
Boswell  
613 First National Bank Bldg.  
Main 3530



**Business Experience**

Have you had any business experience? Do you know how to handle a business? Do you know how to get the most out of your business? Do you know how to get the most out of your business?

**THE NATIONAL BANK OF DENVER**





## What to do with 5 minutes any noontime

**C**OME around to the Mercantile Trust Company and start a Special Interest account.

It will take only a few minutes from your lunch hour.

Start an account this noon—One Dollar, Five, Ten—any amount that you feel you can spare. Money deposited before the tenth of January, April, July and October, draws interest from the first of those months and is credited quarterly.

### MERCANTILE TRUST COMPANY

115 BROADWAY

*Member of Federal Reserve System*

When a down-town New York bank advertises for small interest accounts it is worth recording. The gospel of thrift is too seldom preached in New York

### Courtesy Backs Up Advertising

(Continued from page 405)

branch, and at every officer's desk. It is, therefore, the commonest, most frequently violated, and at the same time most important principle for you to remember and act upon. The precise way of acting upon it is largely a question of your personality; and it will be discussed at further length at a later time. In the meantime, remember your obligation to recognize people with whom you are about to do business.

2. Explanation. The second principle of courtesy may be stated in two words: Don't argue. Where you cannot agree with a patron, tell him why, explain in a quiet and courteous manner why you cannot do certain things he may require,

because certain rules prevent you from doing so. Don't contradict, don't be arrogant, don't try to save time by being too brief; give your customer a reasonable and adequate explanation of your point, and this explanation will make him see that you are right; if it doesn't—still don't argue, but refer him in a courteous manner, to a superior officer.

3. Memory for names and faces. There is no better business-building force than the recognition of a person by name. The ability to do this is sometimes a gift, but is always an accomplishment that can be cultivated. In the transaction of your official duties, the formality of an introduction can be laid aside. There is no possible chance for offense if you greet a man or a woman by name, even tho you have never met in a formal way. Business is

not society, and you need not hesitate to say, "Good Morning, Mr. Thompson," even tho you do not know Mr. Thompson except by name, and he does not know you. He is a human being, nevertheless, and will appreciate the compliment and remember it, no matter how low or high his position. Cultivate the valuable accomplishment of remembering people by name.

4. Customers' Rights. Marshall Field built an immense business largely on the theory that the customer is always right. As a matter of fact, the customer is not always right, but he always thinks he is. Open antagonism of his views will make bad feelings, even tho you know you are right. Therefore, first assume that he is right, in order to find out whether it is so or not. This will give you an open view of the situation, and prove to you whether you yourself are right or wrong. After you are sure, go back to courtesy principle No. 2, and in your best way, explain but do not argue. From that point, you can apply principle No. 2 to the end.

5. Accommodation. There are lots of things that you are not obligated to do for people, but by doing them, you can win a recommendation and a degree of gratitude that may establish a relationship extending over years and years of time. Remember the scientific principle stated in another column of this issue, that you cannot do a favor for any person without doing a great favor to yourself. These are days of strong competition, and if you are not accommodating, somebody else will be, and by being so, will either get your business or your job, or both. This is natural law. Think about the little things that you can do for people to create and maintain permanent business friendships. Remember that nobody is obligated to do business with The Cleveland Trust Company, excepting thru the personal ties and bonds of willingness that individuals in this institution create by their own attitude toward its patrons.



THERE is a certain reflex influence which adds to the value of an advertising slogan when adopted by a bank. Sometimes slogans are hard to live up to, but they offer officers and employees of the institution an incentive to give the public the kind of service which is promised in such a slogan, for instance, as "The Bank of Personal Service."

## How Banks Are Advertising

IN AN effort to make patrons of its savings department business bringers for the department, the First Wisconsin National Bank, of Milwaukee, is making use of an excellently worded card which is distributed by the department. The card is placed between the leaves of the bank book as it is returned to the customer by receiving and paying tellers. It is the same size as the book and readily slips into the envelope provided for the book.

The text of the card is as follows:

### TEAM WORK

Milwaukee is a Good Town; that's why you live here, and why you advise your friends to do likewise. We feel the same way about it—if we didn't we'd move out.

We may be a little bit prejudiced, but we think the First Wisconsin is a pretty good bank. Perhaps you do, too; that's WHY you are with us.

If you think the kind of service YOU get here is the kind YOUR FRIENDS want, why not tell them about it? We'd appreciate it, and we believe they would, too.

The card is of gray stock, the title and the initial "M" being worked into an artistic design in red and black.

"THE SOUTHWARK" is the title of a monthly house organ published by the Southwark National Bank, Philadelphia. It is published for the customers of the bank and is mainly devoted to South Philadelphia business affairs.

"THE AMBASSADOR," the monthly house organ of the First National Bank in Wichita, Kansas, has suspended publication with the following announcement:

The Ambassador has been handed its passport and recalled, at least for the present. A publication of this size entails no small amount of labor in editing and a considerable expense in publication. Whether it is worth what it costs is a question that is hard to decide. Maybe you can help us by writing us frankly what you think of the publication, what benefit

you derive from it and whether or not it keeps us before you as an Ambassador should.

In strenuous times such as these, there is always a question as to what advertising pays and what does not. We would like the opinion of every person who receives The Ambassador stating just what he thinks of our publication.

Let us hear from you.

THE SAVINGS BANK ASSOCIATION of the State of New York has been following the trend of savings bank advertising and marks a decided new note in the character of most recent publicity. We quote the fol-

lowing from a recent bulletin:

The office of the executive manager has collected from sources all over the country and from savings banks in every state samples of advertising both in newspaper and in other media. While many banks still follow conservative lines, yet a distinctly new note is observable in the character of the advertisements now appearing. More and more, advertising covers an increasingly large number of variety of subjects—hours, interest, foreign exchange, travelers' checks, housing, encouragement of deposits up to the maximum limit, family and personal budgets, safety, service, name and location of the bank, banking by mail, investment information, low cost of management, inspirational themes, slogans and catch-lines.

While the average advertisement occupies relatively small space in the columns of a newspaper, yet there is a

### THE BOOK OF SUCCESS

The greatest book on success is the bank book showing a goodly balance.

You may spend every working hour reading the literature of success without avail unless you have capital and credit.

Capital is accumulated thru thrift and wisdom. And the man who is both thrifty and wise can also acquire credit.

A relationship with a great commercial bank speeds the day when a man may say, "My credit is established."

The largest National Bank between the Atlantic Seaboard and the Lakes invites you to enjoy its facilities and security.

*Manufacturers and Traders  
National Bank of Buffalo*

This advertisement stresses the importance of credit as a factor in success and the bank account as the first step in the building of credit

decided tendency to carry larger ads. Quite a number of full-page, half-page, and quarter-page advertisements have been secured. Many banks run their advertising in a series, while others change the style and contents of their advertisements from issue to issue. Some advertisements are quite simple and tell only one story, but there is, generally speaking, a disposition to say too much.

A. ERWIN RANKIN, publicity manager of the Fidelity Trust Company of Buffalo, is responsible for a very excellent series of advertisements illustrating historic Buffalo which have recently been appearing in the Buffalo newspapers and which have attracted much favorable comment. There will be in all twenty-five advertisements in the series.

ONE of the most attractive bank house organs that has come to our attention recently is "The Teller" which is edited by the staff of the Sterling Bank of Canada. The front cover of each number is illustrated by photographic reproductions of Canadian outdoor scenes. The reading matter is interesting and well printed on high-grade paper.

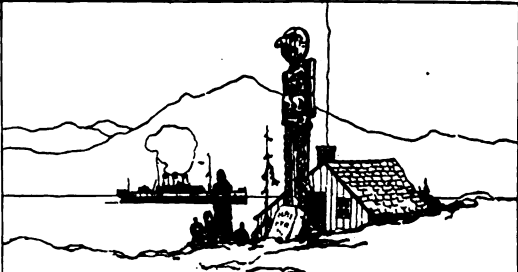
E. O. NORQUIST, advertising manager of the Northern Savings Bank of St. Paul is now competing with Ding and Briggs as a newspaper cartoonist. In a recent issue of the St. Paul News we find the "Doings of the Rich R. R. Employee!" which is a cartoon with a moral. The Rich R. R. Employee is first depicted drawing three months back pay from the paymaster. He is next seen in a wild orgy of reckless spending as a result of which we next find Mr. R. R. Employee prostrate on his bed with old Doc. Ry. bending over him and pronouncing his case as one of Financia Intoxicatia. The "doc" gives him a prescription which consists of "frequent trips to the Northern Savings Bank." The idea behind this cartoon is excellent but its effectiveness is

somewhat reduced by the crudeness of the drawing which is rather amateurish.

"THE AMFORBACOR" is a rather recent new member of the ranks of the bank house organs. It is published by and for the employees of the American Foreign Banking Corporation of New York.

THE series of advertisements relating to the lumber industry of the Pacific Northwest which the Scandinavian American Bank has been running in the

Tacoma newspapers has now been reproduced in booklet form and is being distributed throughout the country. These advertisements were prepared by the bank's advertising department of which Frank Wilson is the manager. Each advertisement is appropriately illustrated by a black and white sketch of some typical scene in the marketing of lumber and the copy goes into details and statistics with regard to the industry. Thousands of Tacoma people who had friends and



**No Matter Where You Go**

NO matter where you travel you will find the Letters of Credit issued by the United States Mortgage & Trust Company of inestimable value as a means of introduction and identification.

They give you established standing, and are really in effect a travelling bank account.

No matter where you go in the civilized world, at home or abroad—Dawson City, Edinburgh, London, Nice, Paris, Calcutta, Singapore, Valparaiso—the leading banker there becomes your banker during your stay.

The arrangements are simple, and the charge very moderate. You either open an account, or deposit securities, or furnish a satisfactory guarantee.

Any of our officers will be glad to discuss details with you.

**United States  
Mortgage & Trust Company**

Capital and Surplus, \$5,000,000  
55 CEDAR ST.

Branches at  
774 St.      Madison Ave.      119th St.  
at 74th St.      at 74th St.      at 8th Ave.

Effective copy for a letter of credit advertisement, combining good typograp y with interesting diction



relatives in the Middle West and East, some of whom were contemplating going to Tacoma, registered their own names and the names of their friends at the bank in order to obtain one of these books, thereby giving the bank a complete new list of possible customers. Those in other states who received the book naturally would bear the name of the Scandinavian American Bank in mind, any time they decided to seek their fortune in the Great Northwest. The series is one of the best examples of "community-boosting" publicity that has come to our attention and merits the attention of study of all bank advertisers.

There is much foreign trade bank advertising nowadays. It is only natural that banks with geographical names in their titles should use maps as illustrations for advertisements as has been done by the National Bank of South Africa, Ltd., and the Anglo-South American Bank, Ltd.

"UNTOUCHED BY TIME AND CIRCUMSTANCES" is the colorful heading of an interesting and effective advertisement by Alex. Brown & Sons, Baltimore, Md., "The Oldest Banking House in the United States," which represents the building of the bank standing unscathed amid the flames which destroyed a large part of Baltimore's business district in 1904.

MANY clever advertising ideas emanate from the advertising department of the Northwestern National Bank, Minneapolis. One of them is in the form of a "protest ticket" attached to a specimen B/L draft, the idea being to induce collection "through Northwestern National Bank."



"A book's a magic sort of thing  
That makes you sailor, chief  
or king."  
—Mary Carolyn Davies.

A BUSINESS SAVINGS ACCOUNT

There is a logical appeal well expressed in this letter which was used some time ago by the Cosmopolitan Trust Company of Boston:

Gentlemen:  
Has it ever occurred to you that systematic savings in the name of your business would be as large a factor toward its success as your personal savings were to your success?

Your business home and its merchandise are insured against fire and theft. Your employees are protected by the workings of the Employers' Liability

Statute, and its insurance which you are compelled to carry. Possibly you have insured the lives of your executives, whose death would be a great loss to the organization.

These, and many other insurances, as well as the taxes imposed by both the Federal and State governments, are necessary to the successful conduct of any business, and their payment entails a large sum annually. Payments on all of these fall due at practically the same time of each year.

If you were to deposit a weekly sum of one-fiftieth of the amount of these obligations, you would be insuring your business against the possible necessity of having to borrow at the time these payments come due.

The Doorway of Success

A landmark in the lives of successful Baltimoreans

For we'd like to count all those who have come in through this big doorway of ours and found here the advice and assistance they needed—when opportunity knocked for them

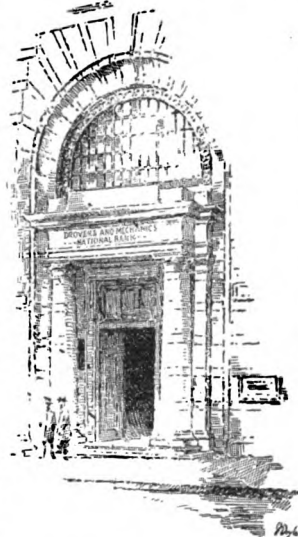
We'd like to list the men who, under our watchful guardianship, have accumulated fortunes and made their names powerful in the community

Or tell you the story of the many valuables and precious papers we have guarded in our safe deposit vaults.

For we've been rendering this three-fold stewardship to the community since 1875.

We've watched Baltimore grow from a town of scarcely 300,000 to a thriving metropolis of over 700,000 and we're proud of the part we've had—in that growth.

And our pride in our past achievements is second only to our pride in this newer Baltimore—to the assistance and success we're waiting to bring to even larger Baltimore business and larger Baltimore men.



DROVERS & MECHANICS NATIONAL BANK

N.W. Corner Fayette and Eutaw Sts.

Where Wholesale and Retail Districts Meet

In the old days many bank customers entered the building with an "abandon hope all ye who enter here" feeling, but today this Baltimore bank features its very attractive entrance as "the doorway of success"

By opening a Savings Account in the name of your business you are establishing a reserve fund on which you can draw in whole or in part at any time that these or other obligations of divers matures have to be met.

If you follow our suggestion, your business saves in a manner that it feels least, and has ready money when it is needed most. Resolve the easy way. COME IN TO-DAY.



### BUILDING FOR THE FUTURE

Building for the future is even more important than building for the immediate present.

because permanence is based upon roots which reach into the future as well as into the past, while holding tight on the present. Banks usually want to be permanent, to grow and to last from generation to generation. To do this they must win the confidence of persons who do not have any immediate business to offer—men and women whose circumstances are too moderate to require a bank now, but who may need one later; children who have no income to-day, but who will be the prosperous men and women to-morrow; young

business men who to-day are pinching and struggling, but who to-morrow will be factors in the business life of the community. When you are counting the returns from your advertising, do not fail to take account of the effect it is having in preparing the minds of many to do business with you in the future.—*Edwin Bird Wilson.*



### ADVERTISE THRIFT NOW

THE RECENT SHARP DECLINE in retail prices, even if it is not permanent, should serve to make clear to people the possibilities of saving. When saved dollars can buy 20 per cent., 50 per cent., or even 100 per cent. more than at present, how much more worthwhile does saving become.

Inquiries made by commercial and other agencies at various points are quite unanimously resulting in the conclusion that a change has come over the spirit of the ultimate consumer. A new psychological attitude is entering into the economic situation. For a time, following the results of inflation, employment at increased wages being general, people were under the spell of the increased number of dollars without a true appreciation of this decreased value.

The conditions of inflation still exist. Wages and cost of production are as high as ever. The only change in the situation is the psychological change under which the consumer is more careful, more inquisitive as to the actual value of what he buys, and more inclined to adopt the expedient of asking for something cheaper. This psychological change will doubtless have an effect and in time reduce prices to a certain extent, but the essential elements of high costs, both of material and labor will remain.

In any event, now seems to be a particularly good time for banks to advertise their Savings Departments.

# Final Safety

SAFETY  
OF  
PRINCIPAL  
IS OUR  
FIRST  
CONSIDERATION

The income from an investment—however alluring—is not the chief measure of its desirability. Nor is its name. More trustworthy tests are applied by the responsible investment banker. In the sound character of his standards lies safety for the investor. There is no substitute for safety. A service assuring such standards is at your disposal.

**AMES, EMERICH & Co.**  
Investment Securities  
111 Broadway, New York  
Chicago Milwaukee

The keynote of this ad is SAFETY, which after all is the biggest appeal to be made in investment advertising

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

### A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.  
American Nat'l Bank, Pendleton, Oregon.  
American Svgs. Bank, Springfield, Mo.  
Anderson, Ralph P., adv. mgr., Sacramento Bank, Sacramento, Cal.  
Ansley, D., Central Tr. Co., San Antonio, Tex.

### B

Bader, A. F., assistant cashier, Old State Nat'l Bank, Evansville, Ind.  
Bailey, C. W., cashier, First Nat'l Bank of Clarksville, Clarksville, Tenn.  
Banco Mercantil Americano Del Peru, Lima, Peru.  
Bankers Magazine, The, New York.  
Bauder-Baker, Union Bank Bldg., Chicago, Ill.  
Baughner, E. M., pres., The Home Building Association Co., Newark, Ohio.  
Bennett, H. D., assistant cashier, Capital Nat'l Bank, Lansing, Mich.  
Billings, K., asst. adv. mgr., Scandinavian American Bank, Tacoma, Wash.  
Bize, L. A., pres. Citizens Bank and Tr. Co., Tampa, Fla.  
Branham, D. R., director pub. Hellman Commercial Tr. and Svgs. Bank, Los Angeles, Cal.  
Brooks, T. J., vice-pres., The Guaranty Tr. and Svgs. Bank, Jacksonville, Fla.  
Brown, G. W. C., assistant secretary, Tidewater Bank & Tr. Co., Norfolk, Va.  
Brown, R. A., assistant cashier, Citizens Nat'l Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-pres., Penn Nat'l Bank, Chester, Pa.  
Buzbee, Minnie A., mgr. adv. dep't, American Bank of Commerce & Tr. Co., Little Rock, Ark.

### C

Clabaugh, S. F., asst. to the pres., The City Nat'l Bank, Tuscaloosa, Ala.  
Conhaim, Herbert J., publicity mgr., Fort Dearborn Nat'l Bank, Chicago, Ill.  
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.  
Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.  
Cox, Ray, cashier, American Svgs. Bank, Springfield, Mo.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial Nat'l Bank, Raleigh, N. C.

### D

Davis, Clark B., asst. secy., Franklin Tr. Co., 156 Montague St., Brooklyn, N. Y.  
Dayton, T. S., pub. mgr. Guaranty Tr. Co., N. Y.  
Delly, H. E., Tradesmen's Nat'l Bank, Phila., Pa.  
Delson, Louis E., publicity mgr., Central Tr. Co. of Illinois, Chicago, Ill.  
Distelhorst, Walter, advertising dep't, First Wisconsin Nat'l Bank, Milwaukee, Wis.  
Downes, Carroll, mgr., commercial service dep't, The Phila. Nat'l Bank, 421 Chestnut St., Phila., Pa.  
Dysart, W. R., cash. First Nat'l Bank, Ripon, Wis.

### E

Ebersbacher, J. C., assistant cashier, First Nat'l Bank, Shelbyville, Ill.  
Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.  
Ellsworth, F. W., vice-pres., Hibernia Bank & Tr. Co., New Orleans, La.

### F

Finch, E. W., assistant cashier, Birmingham Tr. and Svgs. Co., Birmingham, Ala.  
Frost, Lloyd A., treasurer, Guaranty Tr. Co., Cambridge, Mass.

### G

Garner, Percy, publicity mgr., Wachovia Bank & Tr. Co., Winston-Salem, N. C.  
Gehle, Frederick W., mgr. advertising dep't, Mechanics & Metals Nat'l Bank, New York.  
Gehrken, George A., mgr., New Business Dep't, Seaboard Nat'l Bank, New York.  
Germo, Eleanor, mgr. publicity dep't, Los Angeles Tr. & Svgs. Bank, Los Angeles, Cal.  
Grimm, H. B., director, Dep't of New Business, St. Joseph Valley Bank, Elkhart, Ind.  
Groves, J. W., advertising mgr., Minnesota Loan and Tr. Co., Minneapolis, Minn.

### H

Hall, J. Comly, Farmers and Mechanics Tr. Co., West Chester, Pa.  
Hamsher, C. F., pres. First Nat'l Bank, Los Gatos, Cal.  
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.  
Hatton, E. A., cash. First Nat'l Bank, Del Rio, Tex.  
Higgins, A. Barie, Adv. Service, 2929 Broadway, N. Y. C.  
Higley, J. N., advertising dep't, First Nat'l Bank, Youngstown, Ohio.  
Hillyer, E. L., secretary, Union Tr. Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity mgr., Nat'l City Bank, Chicago, Ill.  
Hodgins, J. H., Statistical Dep't, Union Bank of Canada, Toronto, Canada.  
Hoffman, A. C., mgr. publicity dep't, Security Tr. & Svgs. Bank, Los Angeles, Cal.  
Hokanson, N. M., advertising mgr., State Bank of Chicago, Chicago, Ill.  
Holdam, J. V., advertising mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.  
Holderness, M. E., vice-pres. and adv. mgr., First Nat'l Bank in St. Louis, Mo.  
Hudson, Paul L., assistant cashier, First Nat'l Bank, Corona, Cal.  
Hunter, Harold G., secy. and treas. Kansas City Terminal Tr. Co., Kansas City, Mo.  
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

### I

Imhoff, Charles H., vice-pres., Union Nat'l Bank, Newark, N. J.

### J

Jarvis, Charles D., pub. mgr., Svgs. Bank of Utica, Utica, N. Y.  
Jessup, Theodore, assistant cashier, Woodlawn Tr. and Svgs. Bank, Chicago, Ill.  
Johnson, E. W., Warren Nat'l Bank, Warren, Pa.  
Jones, Marshall H., assistant cashier First and Citizens Nat'l Bank, Elizabeth City, N. C.

### K

Kahn, A. T., vice-pres., Commercial Nat'l Bank, Shreveport, La.  
Keller, C. B., Jr., assistant cashier, Stroudsburg Nat'l Bank, Stroudsburg, Pa.  
Keeton, Monroe, mgr. Svgs. Dep't, Merchants & Farmers Bank, Meridian, Miss.  
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.  
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

### L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.  
Le Beuf, Mae, pub. dep't, Hibernia Bank and Tr. Co., New Orleans, La.  
Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
Lovett, W. R., Atlantic Nat'l Bank of Jacksonville, Jacksonville, Fla.  
Lyons, Chas. S., Puget Sound Bank and Tr. Co., Tacoma, Wash.

## M

McCorkle, Josephine C., pub. mgr., The City Nat'l Bank, Evansville, Ind.  
 McDowell, J. H., American Tr. and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., treas., Park Tr. Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Svgs. and Tr. Co., Akron, Ohio.  
 Matthews, Dave S., adv. mgr., Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., adv. mgr., S. W. Straus & Co., 150 Broadway, N. Y. C.  
 Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.  
 Merrill, Frank, adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.  
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.  
 Mills, W. C., New Business Dept., Metropolitan Tr. Co., 60 Wall Street, New York  
 Miner, J. H., mgr., Dept. of Public Relations, Seattle Nat'l Bank, Seattle, Wash.  
 Moniteur des Interets Materiels, 17 Pl. de Louvain, Brussels, Belgium.  
 Morgan, L. J., adv. mgr., First Nat'l Bank, St. Joseph, Mo.  
 Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.  
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

## N

Norberg, P. G., pub. mgr., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.  
 Nye, Frank T., cashier, First Nat'l Bank, Northboro, Iowa.

## O

Overton, J. A., cashier, Nat'l Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Painter, W. H., asst. to the pres., Security Nat'l Bank, Dallas, Texas.  
 Pierce, Matthew G., pub. mgr., Harris Tr. and Svgs. Bank, Chicago, Ill.  
 Poole, John, pres., Federal Nat'l Bank, Wash. D. C.  
 Potts, W. W., sec'y and treas., The Federal Title and Tr. Co., Beaver Falls, Pa.  
 Powell, V. M., cashier, Home Svgs. Ban' Brooklyn, N. Y.  
 Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, N. Y. C.

## R

Rankin, A. Erwin, pub. mgr., the Fidelity Tr. Co., Buffalo, N. Y.  
 Raven, F. J., American Oriental Banking Corporation, Shanghai, China.  
 Reid, Carol S., pub. mgr., Peoples Bank, Ltd., Hilo, T. H.  
 Reynolds, D. M., pub. mgr., First Nat'l Bank and Tr. and Svgs. Bank, Los Angeles, Cal.  
 Rittenhouse, C. M., Farmers Loan and Tr. Co., N. Y. C.  
 Rouff, Melvin, assistant cashier, Houston Nat'l Exchange Bank, Houston, Tex.  
 Ruff, William J., cashier, Luzerne County Nat'l Bank, Wilkes-Barre, Pa.  
 Ryland, Cally, mgr., New Business Dept., American Nat'l Bank, Richmond, Va.

## S

Schlenker, Almot, cashier, First Nat'l Bank, Brenham, Tex.  
 Seclater, A. G., Union Bank of Canada, 49 Wall St., New York.

Scott, Walker, vice-pres., Virginia Tr. Co., Richmond, Va.  
 Sellow, Waldo W., Albert Frank and Co., 14 Stone St., New York City.  
 Shepherd, George W., Internat'l Tr. Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Tr. and Svgs. Bank, Kankakee, Ill.  
 Smith, A. C., vice-pres., City Nat'l Bank, Clinton, Iowa.  
 Smith, Allen T., mgr. Special Service Dept., Industrial Svgs. Bank, Flint, Mich.  
 Staker, F. M., mgr. pub. dept., Commerce Tr. Co., Kansas City, Mo.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, N. Y. C.  
 Stoner, T. H., cashier, The Peoples Nat'l Bank, Waynesboro, Pa.  
 Stover, J. C., sec'y-treas., Indiana Svgs. and Loan Association, South Bend, Ind.  
 Streicher, John H., New Bus. Dept., Commercial Svgs. Bank and Tr. Co., Toledo, Ohio.  
 Sutton, Frederick T., pub. mgr., Mercantile Bank of the Americas, New York.

## T

Taylor, C. E., Jr., pres., Wilmington Svgs. and Tr. Co., Wilmington, N. C.  
 Tidewater Bank and Tr. Co., Norfolk, Va.

## V

Van Blarcom, Wessels, assistant cashier, Second Nat'l Bank, Paterson, N. J.  
 Van Name, Miss M. L., 515 Stephen Girard Building, Phila., Pa.

## W

Wadden, John W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.  
 Wadden, Thomas A., vice-pres., Lake County Bank, Madison, S. D.  
 Wells, Geo. T., assistant cashier, Denver Nat'l Bank, Denver, Colo.  
 Wilkes, W. H., asst. to the pres., Nat'l Bank of Commerce, St. Louis, Mo.  
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third Nat'l Bank, Scranton, Pa.  
 Williams, John L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.  
 Winship, Addison L., mgr., New Business Dept., Nat'l Shawmut Bank, Boston, Mass.  
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.  
 Woolford, Withers, Bank of America, 166 Montague Street, Brooklyn, N. Y.

## Z

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 Zimmerman, Frank A., treas., Chambersburg Tr. Co., Chambersburg, Pa.  
 Zimmerman, Paul E., cashier, Oak Tr. and Svgs. Bank, Oak Park, Ill.



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Coon, Harry J., 68 Farnham Ave., Toronto, Canada.  
 Letch, William B., mgr., Foreign Dept., Merchants Bank of Canada, Montreal.  
 Service Department, Home Bank of Canada, Toronto, Canada.  
 Tait, A. Gordon, pub. mgr., Royal Bank of Canada, Montreal.  
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## *Statement of Condition September 8, 1920*

### *Resources*

Cash in Vault and with Federal Reserve Bank . . . . .	\$34,608,518.82	
Exchanges for Clearing House and due from other Banks . . . . .	48,854,373.81	
Commercial Paper and Loans eligible for Rediscount with Federal Reserve Bank . . . . .	119,354,501.63	\$202,817,394.26
<i>Other Loans and Discounts</i>		
Call and Demand Loans . . . . .	14,884,937.73	
Due within 30 days . . . . .	10,062,676.37	
Due 30 to 90 days . . . . .	20,665,397.76	
Due 90 to 180 days . . . . .	43,455,994.47	
Due after 180 days . . . . .	1,554,666.00	90,623,672.33
United States Obligations . . . . .		6,006,729.66
Other Investments . . . . .		6,819,381.02
Bank Buildings . . . . .		489,928.00
Customers' Liability for Acceptances by this Bank and its Correspondents [anticipated \$1,411,269.30] . . . . .		11,525,842.68
<b>TOTAL RESOURCES</b> . . . . .		<b>\$318,282,947.95</b>

### *Liabilities*

Capital Stock . . . . .		\$12,500,000.00
Surplus and Undivided Profits . . . . .		10,651,339.13
Discount Collected but not Earned . . . . .		1,650,929.23
Reserved for Taxes . . . . .		1,376,900.64
Circulating Notes . . . . .		2,302,250.00
Acceptances by this Bank and by Correspondents for its Account [after deducting \$2,050,858.34 held by this Bank] . . . . .		12,937,111.98
Due Federal Reserve Bank . . . . .		29,000,000.00
Deposits . . . . .		247,864,416.97
<b>TOTAL LIABILITIES</b> . . . . .		<b>\$318,282,947.95</b>

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## ASSETS

Cash on hand and in Banks . . . . .	\$ 86,015,732.17
Bonds and Mortgages . . . . .	1,738,060.92
Public Securities . . . . .	16,889,303.33
Short Term Investments . . . . .	7,584,524.94
Other Stocks and Bonds . . . . .	21,860,152.34
Demand Loans . . . . .	27,612,131.63
Time Loans . . . . .	43,165,978.36
Bills Purchased . . . . .	65,561,793.89
Customers' Liability on Acceptances, Less Anticipated . . . . .	16,577,588.65
Real Estate . . . . .	3,420,014.38
Foreign Offices . . . . .	30,673,445.40
Accrued Interest Receivable and Other Assets . . . . .	4,142,490.99
	<hr/>
	\$325,241,217.00

## LIABILITIES

Capital . . . . .	\$ 12,000,000.00
Surplus and Undivided Profits . . . . .	16,919,693.38
Deposits [Including Foreign Offices] . . . . .	254,110,113.07
Acceptances of drafts payable at a future date or authorized by commercial letters of credit less our acceptances bought in . . . . .	18,336,654.56
Bills Payable . . . . .	17,393,371.34
Accrued Interest Payable, Reserve for Taxes, and Other Liabilities . . . . .	6,481,384.65
	<hr/>
	\$325,241,217.00



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# International Banking and Finance

SPECIAL

**BANKERS  
MAGAZINE**

SECTION

## International Chamber of Commerce Organized in Paris

**T**HROUGH the courtesy of Mr. Noble Foster Hoggson, President of Hoggson Brothers, **THE BANKERS MAGAZINE** is permitted to publish a summary of a report which he made on the recent organization of the International Chamber of Commerce in Paris. Mr. Hoggson was the official delegate to the convention representing the Associated General Contractors of America. A summary of his report follows:

### INCEPTION AND ORIGINAL PLAN

The organization and permanent establishment of the International Chamber of Commerce in Paris in June, 1920, was brought about through the recognition by the business men of the five great nations, the United States, Great Britain, France, Belgium and Italy, of the fact that the business and financial interdependence of the world requires an international body as spokesman and guardian of international commercial interests.

The industrial leaders of the world realized the possibilities of the practical assistance to be gained through such an international body, organized with the highest of motives to promote better commercial understanding between nations. The organization of the chamber is indeed a step toward world harmony.

In 1905 the first meeting of the International Congress of Chambers of Commerce, which was the immediate predecessor of the body we have recently succeeded in establishing, held its first meeting in Liege, Belgium. Up to the time of its first meeting two hundred associations in various countries had signified their approval of the program outlining the commercial organization. Germany, Austria, France and Great

Britain were among the first to approve the project. Belgium, China, Cuba, the United States, France, the Netherlands, Italy, Japan, Persia, Portugal, Russia, Switzerland, Algeria, Tunisia and Turkey had expressed their desire to be represented by delegates. Other nations expressed their interest in the deliberations, although not officially represented. These included Argentina, Denmark, Greece, Hungary, Mexico and Rumania. The meeting in Liege resulted in the appointment of a permanent committee and the decision to hold meetings every two years. Meetings followed in Milan in 1906; Prague, 1908; London, 1910; Boston, 1912; and Paris in 1914.

The European War not only suspended the activities of the International Congress of Chambers of Commerce, but disorganized it for immediate future usefulness.

### INFLUENCE OF THE UNITED STATES CHAMBER OF COMMERCE

The principles and policies of this body were greatly influenced by our own Chamber of Commerce of the United States. In 1914, when the Chamber of Commerce of the United States had demonstrated the soundness of principles incorporated into its own organization, strongly urged some of these principles upon the International Congress of Chambers of Commerce then meeting in Paris. Many points, the referendum among others which had been found successful with us, were incorporated into the plan of the International Congress of Chambers of Commerce.

From the above it may be seen that American thought was well represented in the body which preceded the International Chamber of Commerce just established.

### THE PRELIMINARY WORK

Early in 1919 the Chamber of Commerce of the United States, realizing the great value in solving the problems in the recon-

struction period which would come from a permanent organization similar to the International Congress of Chambers of Commerce, at once undertook in England and France the work of reorganizing it. The result of this action by the Chamber of Commerce of the United States was the International Trade Conference, with delegates from England, France, Belgium, Italy and United States, held in the autumn of 1919 at Atlantic City. In this conference was established the most favorable international commercial co-operation that had been possible up to that time.

As mentioned before, for over ten years the leaders of industry had been hoping for the establishment of the workable organization of world-wide scope for the development of international commerce. Their hopes have now been realized in the establishment of the International Chamber.

#### THE WORK OF THE MEETINGS

The functions of the International Chamber of Commerce, as set forth in the constitution, may briefly be summarized as follows:

"To facilitate the commercial intercourse of nations; to secure harmony of action on all international questions affecting commerce and industry; and to promote peace, progress and cordial relations among countries and their citizens by the co-operation of business men and their organizations devoted to the development of commerce and industry."

#### DELEGATES, IMPORTANCE OF THE MOVEMENT

The importance of this world congress may be judged by the fact that it represented the recognized leading groups in American finance and trade. It included fourteen directors and former directors of the Chamber of Commerce of the United States, as well as delegations representing the American Bankers Association, National Foreign Trade Council, the American Manufacturers Export Association and the Chambers of Commerce of the leading American cities, as well as the American Chambers of Commerce in London, Paris, Italy and Belgium. Nineteen states and forty-three cities were represented.

The subjects fundamentally important to American business, which were considered in the Congress, may roughly be classified as follows: distribution, natural products, fabricated production, shipping and port development, finance and insurance, uniform legislation and building construction. This list may well be considered as a representative index to the group of American interests which saw the vision of international commercial co-operation and which have now, through the International Chamber, succeeded in making it a reality.

A short summary of the work actually accomplished at the meetings on the days

above mentioned, is necessary in order to record the work done.

The work of the meetings embodied into their resolutions may be roughly grouped into the five following subjects: raw materials, general economic policies, financial policy (including exchange) transportation (especially of freight), unfair competition, the reconstitution of the devastated regions and the economic organization within new states.

Raw materials and general economic policies of the various member nations were discussed from the angle of distribution of raw material—with a view to supplying material help in the form of certain raw materials such as gasoline, coal, textiles, minerals, metals and fertilizers to countries which are temporarily lacking them and who have suffered most as a result of the war. Raw materials were considered from the viewpoint of customers and tariff in the various countries considered, taking up first the matter of prohibitions on imports, and then the equality of treatment to countries in mandatory territories. With regard to prohibitions on imports and exports, desirable embargoes of certain commodities were discussed, together with prohibitions to protect national markets against the invasion of competitors enjoying a better rate of exchange, and against unreasonable purchases which tend toward the aggravation of the depreciation on the rate of exchange. The disadvantages of the license system and measures to assure a fair distribution of rationed products was discussed.

The financial policy of the various nations, including the matter of exchange rates, was discussed from the angle of policy of loans at home and abroad, the deflation of paper currency, schemes for creating fresh source of revenue and restrictions on the importing and exporting of capital. It was very evident that the Financial Committee was called upon to consider questions very closely interlocked with problems considered by the other committees in the Congress, and special consideration was directed toward the fact that the abnormal situation resulting from the war has turned in many instances the current of trade in opposite directions from its old flow and that this has led to depreciation of exchange; has interfered seriously with importations, exportations, foreign trade, and that in the correction and readjustment of this situation there can be but one solution—complete financial co-operation between nations to reduce importation of non-essentials to countries of depleted exchange and to increase the exports from such countries by a careful study of the export possibilities and of the foreign markets for their products.

The question of distribution, especially of freight, was considered in the following division: Acceleration of shipping movements in harbors, improvement of harbor plants and junction communications, measures for improving navigation service and



maritime transport, navigation bonuses, priorities, reduction of transportation rates for imports and exports, precision and standardization of the terms used in sale contracts (f.o.b., c.i.f., etc.) and the modification of passport regulations in order to simplify commercial traveling.

Unfair competition was discussed from the following common practices bearing upon it: Commercial libel, divulgment of commercial secrets and false indication of origin. Respect for patents and trade marks, utility of arbitration in conflicts relating to international trade, and protection of original title to raw materials during transformation in foreign countries were strongly recommended.

The reconstitution of the devastated regions and economic organization of the new states is too great a subject to dwell upon here, though the International Chamber considered it of prime and urgent importance in order to establish a normal economic balance in world trade at as early a moment as possible.

#### RESOLUTIONS ADOPTED BY THE CONGRESS

The result of the discussions of the various committees and the resolutions reported to the general meeting and approved may be condensed into the following paragraphs:

A resolution that the customs tariff of the Allied Nations be established according to a common nomenclature such as was adopted for the customs statistics of the several countries by the international meeting in Brussels 1910-1913, was approved.

It was recommended that a technical commission be established for the purpose of devising ways and means for the unification of customs legislature.

A resolution was approved to the effect that import and export prohibitions should gradually be revoked as soon as internal conditions in the several countries allowed it.

The matter of a central bureau of international statistics was taken up and a plan was worked out whereby complete and reliable information for the intelligent conduct of commercial enterprises and for the determination of sound international commercial policies could be collected. As at the present moment this information is being gathered by a number of unrelated governmental, commercial, and private agencies, this is a considerable stride forward toward complete data for the study of international trade and production. The establishment of such an agency as a central bureau for statistics will not only make the information uniform, but open many lines of information which heretofore have not been reached through lack of uniformity in research.

The appointment of a committee to study the status of raw materials during a normal period on which to base schedules for an equitable interchange between countries dur-



**T**HE courteous and sincere cooperation which was extended to me through your Mr. .... at the. .... Office and also from the New York Office has so impressed me, that I cannot refrain from saying a word or two to you, if I may, to express my appreciation of the services which your office has rendered to me, regardless of its own interest."

—from a client's letter.

ing these abnormal times was approved. Attention was invited to existing monopolies of raw materials and the danger of conflict between nations which may arise.

The general meeting of the Congress recommended that in order to conserve the world's present diminishing supply of fuel that the utilization of hydro-electric power be hastened in every possible way. It also suggested the development of research for oil and mineral fuels.

The matter of transportation and freights was taken up as a question of considerable importance at the present moment by reason of the existing congestion of ports and its result in the dislocation of imports and exports. The problem was clarified to the extent that a remedy would be possible by keeping the interested nations constantly informed as to the exact situation of traffic in the ports and its effect upon the land transportation serving it. It was suggested that in order to furnish this information, which would be greatly to the advantage of commerce, a study to facilitate the movements of vessels in ports and of land transportation to and from them would be necessary. This resolution was voted by the general meeting of the Chamber as a whole. It was also suggested that in order to centralize this information that governmental and all other competent authorities of rep-

representative countries be asked to take the necessary measures to hasten and facilitate operations. It is a fair assumption that our own and other governmental agencies will be quick to act upon this proposal.

An international dictionary of shipping and quotation terms to clearly define such quotations as f.o.b., c.i.f., etc., in order to do away with the inconveniences from misunderstandings and misinterpretations was proposed and will be written.

The simplification of passports in order to obviate a minor but annoying problem in the development of international traffic was another matter approved by the chamber.

The abolition of shipping subsidies with the exception of the shipping services having the character of public necessity, and of routes which would be impracticable and unworkable by private enterprise, was recommended.

A resolution was approved by the newly elected board of directors to establish a bureau of research and statistics to gather the international data covering materials used in the construction industry, sources and quantities of supply, transportation, price and market trends. The relative value of such a bureau can well be understood when we consider that there are in the United States three thousand industries, the separate products of which form the component parts of the construction industry. Data already gathered by the several nations will be collected and correlated for practical commercial use. There has never been a survey and analysis of the great construction industry and there is no doubt that the availability of such information will prove of value, not only in the immediate reconstruction period, but as a practical assistance in the development of the American construction industry in the future. It is an established fact that the lack of such information in the past has proved detrimental to and has seriously hindered the growth of the industry.

A bureau is to be established within the International Chamber to study the various questions arising from unfair competition, industrial property, trade marks and names of origin, in order to standardize various legislation of the several countries at the present moment greatly divergent.

A statistical bureau will be organized to keep up to date the returns of the main productions, the outputs, and the probable needs of the various nations, together with the movement of imports and exports.

#### FINANCIAL MATTERS CONSIDERED

With regard to finance, the following resolutions were approved covering income tax, credit facilities, foreign banks, Allied and enemy debts, depreciation of exchange, and transmittal of money.

It was made clear that prompt agreements between governments of the Allied

countries must be brought about in order to prevent individuals and corporations of any one country being liable to more than one tax in the same income, considering at the same time that the country to which the individual or corporation belongs has a right to claim the difference between the tax paid and the home tax.

A special committee is to be appointed to study foreign credits with the hope of being able to establish foreign credits interchange bureau upon a reciprocal interchange basis with such countries as may desire to avail themselves of such a service.

It was resolved that it was the duty of sellers of all countries by all means consistent with business principles, to extend the utmost credit facilities to buyers in the Allied countries during this most difficult period of reconstruction.

The especial attention of the International Congress was directed to the fact that there is at present a great inequality in the treatment accorded to foreign banks under the laws of different nations.

It was resolved that only by the definite statement of the amounts and conditions of the war debts of the Allies and their enemies can the payment of these debts be made in order to restore normal international credit at as early a moment as possible.

With regard to the depreciation of exchange as constituting an essential hindrance to the restoration of the proper business relationship between nations, a committee was appointed to study this question from the respective angles of the various countries in an economic and financial way, and to study and plan steps to be taken in order to stabilize and restore proper rates of exchange.

In the matter of the transmission of money between the United States, Great Britain, France, Belgium and Italy, the committee on finance has especially directed the attention of the Board of Directors of the International Chamber to it. This came as a result of the fact that the transmittal of credit, particularly in small amounts, to and from any of the Allied countries, is often attended with delay and serious inconvenience.

The consensus of all the committees was that it was the first duty of the producers in all countries to increase by every possible means the production of all raw materials essential to re-establishing a more normal economic balance.

It was the opinion of the Congress and a resolution was adopted to the effect that the directors should take steps to summon a conference for the purpose of adopting a fixed date for Easter and to consider the reform of the calendar.

A study of the resolutions mentioned in this chapter shows them to be the clear-cut opinions of the various nations involved, and it will be readily seen that their adoption

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by the International Chamber points a clear road to each of the various nations interested, toward the solution of problems now before them.

### HOPES FOR THE FUTURE

There seems reason to believe that from the successful start of the movement and the intense interest shown by all of the delegates that the International Chamber will soon be in a position to greatly assist in developing international commerce, in safeguarding international trade, in standardizing international documents, practice and laws affecting commercial intercourse, and in removing much international friction caused by commercial differences.

Just as inevitable as the differences which arise between the most conscientious and farsighted men in business are the differences of opinion and divergencies of thought and policies which arise between industries and groups of industries which go to make up the commercial and economic organizations of the nations. Unquestionably the wars of to-day are caused mainly by the conflict of commercial aims; and back into the centuries we find the cause for war arising out of monopoly, envy, trade and barter.

Undoubtedly the crux of international difficulty at the present time is the aim of a nation to retain its internal economic bal-

ance by establishing its necessary economic relation to the rest of the world. It is established that the success of an important industry in one country may be seriously affected by conditions surrounding the industry in another country. We have come to fully realize that the complete dislocation and reorganization of the industries in another country may seriously affect and change the status of our industries in America.

Assuming the truth of the statement that an industry is conducted for profit, it is easy to realize that those men controlling it are inclined to focus thought and effort directly upon their own industry. The concentration of effort and the keen competition entailed by modern conditions have brought about more and more the disregard by one individual for another, and by one industry for another. Not only is this true between industries but between nations.

It is only by establishing a contract between this group in one nation with similar groups in other nations that we can possibly hope for a discussion of divergent opinion and a merging of viewpoints into policies of benefit to the whole world.

The International Chamber of Commerce is the greatest step toward the attainment of this world hope that has ever been taken. First, the group of business interests of the various nations gathered together were

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really representative; second, their discussions were to the point; third, their merging of opinion into a world viewpoint was successful.

A government that can see the advantages to be gained by heeding this world viewpoint upon problems which confront it will soon set its necessary machinery in motion to work out policies suggested by the International Chamber. Although the International Chamber is in no way governmental, still it can be clearly seen that its work is in support of government. Especially at these times we need in America to consolidate our strong foundation, governmental, economic, and industrial. The same can be said of England, France, Belgium, and

Italy. The International Chamber will aid this consolidation.

More and more we are coming to realize that business must be conducted upon interchange of service. More and more the leaders of each industry find that a profitable interchange of service is based upon a knowledge of commercial conditions and requirements. The International Chamber will furnish us with this knowledge as necessary to intelligent industrial and financial success.

It is believed that these objects are the greatest that we can hope to accomplish internationally at the present time. The International Chamber has taken a long stride toward their achievement.

## Opposition to Foreign Debt Cancellation Scheme

**T**HE announcement made by Festus J. Wade, president of the Mercantile Trust Company, St. Louis, favoring the cancellation of the debts of European countries to the United States, has excited considerable discussion among

St. Louis bankers. Mr. Wade served as chairman of the American Bankers Association committee to the International Chamber of Commerce meeting at Paris.

W. L. Hemingway, vice-president of the National Bank of Commerce, St.

Louis, has taken exception to Mr. Wade's project. Mr. Hemingway was a member of Mr. Wade's committee. He has issued the following statement:

"Because of the fact that at the international conference in Paris I served as a member of the American Bankers Association committee, of which Mr. Wade was chairman, I have been asked by many persons whether Mr. Wade's advocacy of the cancellation of the debts of the European governments to the United States represented the views of myself and other members of the committee.

"Speaking for myself, it does not represent my views. The inference that I myself drew, from my observations in Europe and contact with European bankers and business men, led me to a conclusion altogether different from that formed by Mr. Wade. If there is one thing which the American delegates seemed to agree upon, it is the fact that France, England and Belgium have gone back to their industrial tasks earnestly and efficiently. In France, the amount of reconstruction work already done in the devastated areas was surprising to all. In Belgium a miracle of rehabilitation has been wrought. And in England it was evident that, despite the heavy strain of war, the English merchants and manufacturers had kept their industries going and had retained a considerable portion of their foreign trade. This trade, since the war, has steadily expanded. To me it seems reasonable to conclude, therefore, that under the impetus of necessity Europe will produce more and more, and that the thrift of her people will permit the sale of an increasingly large amount of goods in the markets of the world. By this means all European countries create credit balances which in time will offset the debit balances now running against them—and exchange will thereby be stabilized.

"With our currency on a gold redemption basis and the currencies of Europe on a suspended gold payment basis, it will be impossible to maintain exchanges at par. This fact is recognized by all of the various bankers and

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business men of Europe with whom I talked on the subject. These men seem agreed, also, that the only method by which Europe can be brought back to normal is by the practice of industry and thrift—increased production of factories and steady thrift on the part of individuals.

"In the course of time our own exports to Europe will diminish by reason of the lessened demand for our food-stuffs and manufactured articles, and our imports will increase through competition from European factories, which enjoy cheaper costs. We may then find that our credit to Europe will stand us in good stead.

"The suggestion by Mr. Wade that the foreign governments be required to peg exchanges at a fixed rate for five years, I think, would be found impossible to carry out. During the war, when the governments had control of all the

products of their people, and of their very lives, it was possible by reason of this centralized power to fix arbitrary rates for exchange and all commodities. But, as time goes on, this arbitrary fixing of prices must become less prevalent, and give way to the old law of supply and demand.

"The foreign governments will find that they must at last, maintaining exchanges, resort either to shipment of goods or to borrowing. And, if we should cancel their debts, it is natural to assume that they would hardly be in position to borrow again. On the part of a nation there is a small difference between accepting the cancellation of a debt and repudiating the debt outright. Europe, therefore, finding herself unable to borrow here, would be forced to correct her exchanges in the usual way—by hard work and thrift. From my observations, I have no doubt as to the ability of Europe to ultimately pay its present debt in full.

"I think, however, that it is essential

for us to arrange some definite plan for the payment of Europe's debt to us, and by that arrangement give them ample time in which to meet these obligations. It would be well, I think, to put the debt in the form of bonds, whose maturities would extend over a period of from thirty to fifty years. The first of these bonds would be payable not earlier than five years from date, and accrued interest would be paid on each bond only when it matured. In this way, Europe would be given the next few years as a period of rehabilitation, during which their efforts would not be affected by obligations to the United States. Thereafter only a fixed amount each year would enter into the exchange calculations, whereas at present no payments at all are being made, but the uncertainty in respect to the whole matter has a depressing effect on the exchange market, with heavy fluctuations caused by international developments from day to day."



## Colombian American Relations Discussed by Barranquilla Banker



J. V. DUGAND  
President Banco Dugand

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	WILLIAM S. WALLACE Asst. Cashier

GEORGE M. HARD, Chairman

**ACCOUNTS INVITED**

**RESOURCES 170 MILLION DOLLARS**

is under construction which will be completed next May.

Something of the progress of the bank and the opportunities present at this time in the Republic of Colombia were related by J. V. Dugand, president of the bank, on a visit to New York in August and early September.

And Mr. Dugand related something else—that the people of Colombia have never forgotten the action of the United States in causing the independence of Panama and of refusing to compensate Colombia for its loss.

"This action, probably more than any other, caused suspicion of the intentions of the United States to remain in the minds of Latin-Americans," he said. "It seems to the people of my country that the failure of the American Government to accept the offer of Colombia to receive \$25,000,000 for its loss is unfair treatment, particularly so in view of the fact that the United States went into the European war as much to protect the rights of small nations as any-

thing else. Why, then, should the United States refuse to compensate in small part the loss it caused to Colombia through abetting the independence of Panama, when at the time the action was taken a treaty was in effect, and had been since 1843, guaranteeing the independence of Colombia?"

"If this offer is not accepted in the very near future by the United States, I very much fear that it will be withdrawn. A move has been started in Colombia to take such action. And then the entire matter will have to be reopened or else a permanent sense of injury will remain to mar the perfect feeling of friendship between the two nations. The United States should take this action because it is right to do so and because it would be good policy as well.

"Even despite this feeling that injustice has been done our country, no barriers have been interposed to development of business relations between the two countries. In fact, 75 per cent.

## FOREIGN EXCHANGE

As agents and correspondents of leading European banks we are in an exceptional position to execute orders for checks and cable transfers especially for

**German Marks**  
**Polish Marks**  
**Austrian Kronen**  
**Hungarian Kronen**  
**Czecho-Slovakian Kronen**  
**Jugo-Slavian Kronen**

*We offer banks and trust companies special facilities for drawing checks directly on our accounts abroad.*

## PACAT FINANCE CORPORATION

42 Broadway, New York

of Colombia's trade is with the United States.

"But there is a feeling in Colombia that if foreign business is given no handicap there, Colombian business should enjoy the same privileges elsewhere. The American laws preventing the establishment of deposit-receiving branches of foreign banks in the United States are likely to result in similar laws in Colombia insofar as the United States is concerned. Colombia desires the same privileges that it grants.

"Colombia is now a prosperous country. Coffee is the principal product. The large coffee crop in 1919, when prices in New York were 32 and 33 cents a pound, resulted in great prosperity for Colombia. The Colombian balance of trade was such that our money was at a 20 per cent. premium over the American dollar. Conditions

changed, however, this year. Coffee has dropped to 16 cents a pound in New York and the dollar now is at nearly 20 per cent. premium.

"We do not consider this exchange fluctuation a good thing. There is every likelihood that the present embargo on gold export will be lifted. As Colombia is a gold producing country, such a move would have a stabilizing effect on our exchange. Another cause of the rise in the value of the United States dollar in Colombia this year has been the large amount of luxury imports caused by last year's extreme prosperity in my country.

"There are opportunities in Colombia today as great as in the United States one hundred years ago. There are thousands of miles of virgin land ready to be cultivated. We have rich gold and copper deposits. Cattle raising possibilities are great. All we need is population to develop our country and financial aid in such development. Colombia will pay a rich return to the foreign investor. Even now oil development is proceeding rapidly, the Tropical Oil Company, a subsidiary of your Standard Oil Company, having great plans in Colombia.

"The freedom accorded everybody, foreigner and Colombian, to work and produce without government restrictions, should prove exceedingly attractive to immigrants. Every steamer from Europe is bringing to Colombian ports fifty or sixty Germans. And the interesting feature is that most of them are coming with their families to make homes there.

"We are exceedingly proud in Colombia of our money. We have issued only \$10,000,000 in paper currency, backed by \$40,000,000 in pure gold. This is unique today in a world in which nearly every nation has a depreciated currency. Gold is used generally in the transaction of business. Our small coins are in denominations of 1, 2 and 5 cents, made of nickel, and 10, 20 and 50 cents, in silver.

"Aside from recognition of our Panama claims by this country, there is but one other matter that Colombia feels



# The Yokohama Specie Bank, Ltd.

[Yokohama Shokai Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed . . . . .  .. Yen 100,000,000  
 Capital paid up . . . . .  .. Yen 74,000,000  
 Reserve Fund . . . . .  .. Yen 44,000,000

(\$0.50=1 Yen)

## Branches and Agencies

Tokyo	Sydney	Peking	Kobe	Saigon	Tientsin	Manila
Osaka	Hongkong	Dairen	Nagasaki	Singapore	Newchwang	Kangoon
London	Hankow	Fengtien	Lyons	Shanghai	Harbin	Soerabaya
Bombay	Chi-Nan	Changchun	Honolulu	Tsingtau	Shimonoseki	Buenos Aires
Vladivostok		Kalyuen	Calcutta	Batavia		Rio de Janeiro

## Agencies in United States

New York      San Francisco      Los Angeles      Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE      -      -      120 BROADWAY  
 R. ICHINOMIYA, Agent

itself entitled to from the United States. That is complete reciprocity in business. Banco Dugand has a deposit in New York banks. Your government taxes the interest on that deposit, taking 10 per cent. of it. Yet Banco Dugand is not an American bank and our officers are not American citizens. For taxation purposes you treat us as though we were Americans, but when it comes

to establishing branches of our bank here, we are again foreigners. The removal of business restrictions on foreign banks will not injure your banks; rather, it will help their business. And the increase in good feeling which is bound to result from such freedom of intercourse will afford a rich recompense to American banks and American business in the coming years."

## Condition of Sterling Exchange an American Investment Opportunity

THE prevailing discount on Sterling exchange offers to the United States an unexampled opportunity for the purchase of foreign securities, according to F. R. Acheson Shortis, vice-president of the Guaranty Trust Company of New York.

"Were shipments of great quantities

of gold possible, even if that were desirable," said Mr. Shortis, "the decline in Sterling exchange would be arrested immediately; but, although Great Britain is not in a position to liquidate her indebtedness to America in gold, she holds abundant tangible assets, which America could have today, as

good in intrinsic value as the American securities which the British people have already sold back. If the United States would adopt the policy of purchasing securities now held by Great Britain, to the degree that Great Britain invested in American securities before the war, estimated at \$10,000,000,000, the difficulty would be solved at once. I am aware, however, that while American securities always appeal to British investors, British securities of equivalent intrinsic value have not appealed to American investors. For this there have been certain well defined reasons, including the field for domestic investments presented by the development of this newer country. I am aware also that American farmers and manufacturers and merchants require money, rather than securities, for their products, and that bankers are required to keep their depositors' funds liquid, but nevertheless it is unfortunate that the investing public of this rich country cannot, for the time being, be induced to invest in foreign securities.

"The debt of Great Britain to the United States today approximates \$5,000,000,000, made up of \$772,000,000 of government loans and of \$4,280,000,000 of other credits on behalf of

the British Government. Until the loans that are placed in this country mature, they will not, of course, affect the exchange situation. Sterling exchange is declining because British exports are not at present sufficient to pay for current imports. The recent decline is due to the large supply of grain bills offered. So far, very little cotton exchange has been offered.

"This decline in Sterling exchange will operate automatically to increase the cost of British imports and thus prove to be a blessing in disguise. It will, on the other hand, stimulate British exports to the United States. While the curtailment of American export trade, because of a low Sterling exchange, may be a hardship for the time being, we must recognize that the British are by this method adjusting their international account with Americans, and that eventually this will be to America's advantage as well as to Britain's. Until the British are able to adjust their indebtedness to the United States, the decline in exchange will provide the only effective method of forcing Great Britain to economize, and the more exchange declines, the greater will be the effect."

## Boston Banker Praises British Commercial Efforts

**JOHN BOLINGER**, vice-president of the National Shawmut Bank of Boston, upon his return recently from a trip to Europe, in which he spent three months studying the business and financial situation, gave an encouraging account of the courage of the peoples of the different countries in striving to find a way out of their difficulties. With regard to England he said in part:

"That English merchants should be, to some extent, disturbed because of our progress in foreign commerce is but natural. The recently enacted merchant marine law has given British merchants and shippers considerable con-

cern. Far-reaching and comprehensive plans have been formed, with the backing of the government, to meet the growing competition of the United States. Among the European countries involved in the war, Great Britain has been most successful, since the signing of the armistice, in carrying out plans for the restoration of her former position in international commerce. Commercial relations have been quite solidly established, and active trade in considerable volume has already begun with the Central Powers, Germany, Poland and Czecho-Slovakia. Important advances have been made towards se-

中法實業銀行

# Banque Industrielle de Chine

Capital Subscribed . . . . . Francs 150,000,000  
 Capital Paid Up . . . . . " 75,000,000  
 Surplus and Reserves . . . . . " 70,000,000  
 Deposits . . . . . " 885,000,000

The Chinese Government owns one-third of the Capital

**HEAD OFFICE: PARIS**

Central Office, Far East: Peking

**BRANCHES AND AGENCIES :**

<b>EUROPE</b>	Marseilles *Havre London Antwerp	<b>INDO-CHINA</b>	Halong Hanoi
Paris Lyons *Bordeaux		Saigon	
<b>CHINA</b>	Hongkong Swatow Shanghai Tientsin Yunnanfa	<b>STRAITS SETTLEMENTS</b>	Singapore
Peking Canton Foochow Hankow		JAPAN	Yokohama
* In Formation		SIBERIA	Vladivostok
		MANCHURIA	Mukden
		UNITED STATES	New York

The New York Agency of this bank is equipped to extend every facility for banking service between the United States and foreign countries

**New York Agency - - - 27 Pine Street**

O. J. THOMEN, Agent.

curing the future trade of the Scandinavian countries as an inlet into Russia. With regard to France and Italy, Great Britain continues to maintain the attitude of an ally, and to that extent is generous in her support of their efforts toward reconstruction and rehabilitation.

"The carrying out of this broad constructive program necessarily involves the extension of credit facilities in large amounts, and on every occasion it has been found that the British banks are courageously facing their responsibility in the matter of extending credits.

"One very noticeable difference between British banking institutions and our American banks is the freedom from hampering restrictions generally enjoyed by British banks. There can be little question that Great Britain's relatively strong financial position is largely due to the freedom of action enjoyed by her financial institutions. British banks are always in position to give adequate support to their international

commerce in the full assurance that their efforts will be unhampered and that they can always count upon the solid backing of the Bank of England."

## Great Britain

### A Plea for Economy

**P**LEAS for the demobilization of war-time government expenditures have been frequently made in all former belligerent countries since the armistice. This especially applies to Great Britain where national economy has been repeatedly urged by business leaders, voiced in Parliamentary debates, re-echoed by the press and even preached in the pulpits. The sentiment has now crystallized into an organized movement which has for its objects the reduction of British governmental

# Canadian Business

The discount on Canadian Funds has raised numerous problems for the American Exporter.

Many Banks and firms are depositing the proceeds of their Canadian collections in Banks in Canada pending the return of Exchange rates to a normal basis.

This Bank will welcome such accounts and will accord the most favourable terms including interest on the sums deposited.

*Correspondence is Invited*

## The Canadian Bank of Commerce

Head Office:—TORONTO

**Paid-Up Capital \$15,000,000**

**Reserve Fund \$15,000,000**

**Total Assets (Nov. 29th, 1919) \$479,644,205**

spending and elimination of most of the machinery for the administration of government which came into existence during the war.

The new organization with these aims is the People's Union for Economy. It has a central committee composed of many prominent and influential men and has opened its campaign for reduced spending by issuing a manifesto outlining its objectives.

In his budget speech last April, the British Chancellor of the Exchequer, Austen Chamberlain, expressed the government's determination to change the billion dollar deficit of the last fiscal year into a billion dollar surplus in the current fiscal year. Reduced expenditures were promised by the chancellor; but he also asked for increased taxation, particularly an increase in excess profit duty, to make the surplus possible.

The reply of British business was in effect that proper reduction of expendi-

tures ought, in itself, to achieve the chancellor's purpose; that increased taxation would handicap normal business expansion and retard reconstruction. Business leaders argued that an increase in excess profits duty—E.P.D. it is popularly styled—would be particularly unwise. E.P.D. is levied on business profits exceeding a predetermined fair rate of profit based on profits earned in the year before the war. The government collected 40 per cent. of excess profits in 1919 and the chancellor, in his budget speech, proposed to increase the rate to 60 per cent. British business demurred, but eventually the 60 per cent. rate was made effective. However, the British chancellor promises a reduction to 40 per cent. next year.

In its manifesto the Union states that: "The necessity for drastic retrenchment in the public services is now fully realized. In 1913-1914 the total expenditure was £207,917,437 (about one

## Marketing 3 Billion Apples

**WHEN** a bumper crop of 6,000,000 barrels, or 3 billion apples, comes to New York State, preparations for marketing become active. Banking facilities naturally play their part. The Atlantic National Bank is a logical bank for your items in connection with marketing this crop, not only because some of the largest banks in the apple growing districts are among our oldest customers, but because of close and constant contact in New York with merchants who handle the bulk of the apple crop coming into the city.

**ATLANTIC**  
**National Bank**  
257 Broadway—Opposite City Hall  
NEW YORK CITY



billion dollars). In the present year the gross expenditure of the country is estimated at £1,282,274,000 (approximately six billion dollars); that is to say, more than six times as much as six years ago. This is a formidable figure. If a sound national life is to be reconstructed on which enduring social reforms can be based, expenditure must be calculated on the financial capacity of the country. Moreover, excessive capital expenditure by the government tends to increase that high cost of living which is pressing so severely upon the people.

"The steps by which the necessary saving can be brought about depend not only upon the more economical administration, but, to a greater extent, upon a change in the policy of the government. This change should commence forthwith if the budget for 1921 is to be brought within the financial resources of the country. So far as our engage-

ments honorably permit we should aim at the reduction of our (foreign) responsibilities."

The Union would refuse extension of British commitments for restoration of order in Russia or in the Near East. It cites the maintenance of 78,000 men in Mesopotamia at a cost, this year, of \$150,000,000 as a notable example of "undue increase in British obligations." Decontrol, or the relinquishment of all business undertakings now under government management, "which can properly be carried on by private enterprise" is advocated on the ground that government control has been a source of loss. The Union would also dispense with the Ministry of Munitions, Ministry of Shipping, the proposed Ministry of Mines and those activities of the Ministries of Transport and Food which are not absolutely necessary. In the matter of all expenditures it would have the nation "cut its coat according to the cloth."

# Without Leather, Civilization Would Pause

Modern life calls leather into play for a thousand uses. It is the connecting link of power. In answer to the touch of leather belts, spindles whirl and looms throb that man may be clothed; all industry hurries to its task of satisfying our daily needs.

New England, a great beehive of industry, consumes 51% of the country's leather output. Bay state tanneries convert many cargoes and trainloads of hides into belting, harness, sole and upper leather. Half the nation is shod with Massachusetts shoes.



*Correspondence with banks and mercantile houses cordially invited.*

The National Shawmut Bank has taken keen interest in the leather trades for many years. Its influence extends to the West, assisting local bankers to finance ranches and packing plants. As hides move East, co-operation is given in the rapid handling of money and documents. Insurance and warehousing are arranged upon arrival.

Foreign and domestic shippers of hides and skins appreciate the intelligent service made possible in this bank by thorough knowledge of the requirements. Clients benefit by accurate, up-to-the-minute market and credit information.

## THE NATIONAL SHAWMUT BANK OF BOSTON

*Capital, Surplus and Undivided Profits over \$22,000,000*

### France

#### New French Loan Subscribed

**A** NEW loan to France, to aid in funding the French half of the Anglo-French loan of \$250,000,000 which falls due in October, has just been financed in the United States. The \$100,000,000 loan was heavily oversubscribed within one hour after the books were opened, a remarkable proof of the standing enjoyed by France. The balance of the \$250,000,000 owed by France on the old loan is to be paid by shipments of gold and the building up of a favorable exchange balance in this country.

The loan will be for twenty-five years and will bear eight per cent. interest. A sinking fund is to be established which will be used to redeem the bonds, by drawing, at 110 per cent. of par after

the first five years of the life of the securities. During the first five years of the life of the securities the sinking fund trustees are empowered to buy in the open market a portion of the bonds at prices up to and including 110 per cent. The statement of J. P. Morgan & Co., describing the loan, was in part as follows:

"The government of the French Republic covenants in the loan contract, under which these bonds are to be issued, to pay to J. P. Morgan & Co., as sinking fund trustees, until the entire loan has been redeemed, the sum of not less than \$4,400,000 annually, to be applied to the purchase of bonds up to and including 110 per cent. and accrued interest, prior to December 15, 1925, and thereafter to the redemption of bonds by lot at 110 per cent. and accrued interest. During the first five years such payments will be made in quarterly installments beginning December 15, 1920, and ending September 15, 1925, and thereafter will be made

# Banking Service in the Far East

## BRANCHES

<b>BURMA</b> Rangoon	<b>FRENCH INDO-CHINA</b> Haiphong Saigon	<b>JAPAN</b> Kobe Yokohama	<b>PHILIPPINES</b> Cebu Iloilo Manila
<b>CEYLON</b> Colombo	<b>INDIA</b> Amritsar Bombay Calcutta Cawnpore Delhi Karachi Madras Tavoy	<b>JAVA</b> Batavia Sourabaya	<b>MALAY STATES</b> Ipoh Klang Kuala Lumpur Penang Seremban Singapore Taiping
<b>CHINA</b> Canton Hankow Hongkong Peking Shanghai Tientsin		<b>SIAM</b> Bangkok Puket	
		<b>SUMATRA</b> Medan	

## Chartered Bank of India Australia and China

Head Office  
London

New York Agency, 88 Wall Street  
William Baxter, Agent

Capital and Reserve  
Over \$24,000,000

in semi-annual installments, commencing December 15, 1925. The amount of the interest accrued on bonds purchased or redeemed is to be paid by the government, in addition to the fixed sinking fund payments. Such sinking fund payments are sufficient to redeem at 110 per cent. all of the bonds at or before maturity. After the five-year period, at least \$4,000,000 principal amount of the bonds will be called each year at the redemption price of 110 per cent and accrued interest.

"In the event that prior to December 15, 1925, bonds are not purchased at 110 per cent. in an amount sufficient to exhaust the payments to the sinking fund, any such unexpended balance is to be used for the redemption of bonds by lot at 110 per cent. at the earliest date provided for such redemption, namely, March 15, 1926."

The syndicate of banks and bankers formally behind the loan comprises: J. P. Morgan & Co., First National Bank, Brown Bros. & Co., The National City

Company, Harris, Forbes & Co., Guaranty Trust Company, Bankers Trust Company, Lee, Higginson & Co., William A. Read & Co., Kidder, Peabody & Co., J. & W. Seligman & Co., Spencer Trask & Co., Kissel, Kinnicutt & Co., Lazard Freres, Bonbright & Co., Inc., E. H. Rollins & Sons, Halsey, Stuart & Co., the Chase National Bank, National Bank of Commerce, Liberty National Bank, American Exchange National Bank, Central Union Trust Company, all of New York; First National Bank, National Shawmut Bank, Old Colony Trust Company, Boston; Commercial Trust Company, Philadelphia; First Trust and Savings Bank, Illinois Trust and Savings Bank, Continental and Commercial Trust and Savings Bank, Central Trust Company of Illinois, Chicago; Union Trust Company, Mellon National Bank, Pittsburgh; First National Bank, Cleveland; First National Bank, Cincinnati; First National Bank, St. Louis.

The first consignment of gold,

# BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

*U. S. Gold* \$2,280,000

## BRANCHES IN COLOMBIA:

Bogota	Cucuta	Medellin
Bucaramanga	Girardot	Ocana
Cartagena	Honda	Riohacha
Cienaga	Magangue	Santa Marta

Distinctively efficient service rendered to financial institutions, corporations, merchants, manufacturers and individuals requiring a Colombian connection.

International banking business of all descriptions transacted.  
The agency of foreign and Colombian banks undertaken.

Telegraphic Address: Dugandbank, Barranquilla

amounting to about \$6,000,000, was scheduled to leave Havre for New York about September 4. The total to be sent is estimated by bankers at \$80,000,000, leaving \$70,000,000 to be taken care of by remittances of exchange from Paris and \$100,000,000 to be provided by the new loan.

The negotiations leading up to the announcement of the new loan and the plans of France for paying the old one were conducted in New York by Jean Parmentier, special financial envoy from France, and Maurice Casenava, minister plenipotentiary and director-general of the French services in the United States.

Mr. Parmentier, following the completion of the loan negotiations, issued a statement which said in part:

"It may be interesting to Americans to know what the French people are doing to help their country return to normal conditions. The French people are submitting to taxes heavier than they have known in many years. The new

tax law which became operative on July 1 calls for taxes twice those of last year and four times those levied in 1914.

"The revenue problem this year is to raise nearly 20,000,000,000 francs, or more than \$42,000,000,000, at par of exchange. The actual tax returns received so far indicate that this unusual program will actually be exceeded. A cable just received from the finance minister, with regard to receipts for July taxes, informs us that tax returns during the first seven months this year have been 2,000,000,000 francs in excess of budget estimates and 2,250,000,000 francs in excess of the returns over the corresponding seven months of last year.

"Every class of earnings in France is being assessed by the income tax in proportion to the ability of the incomes to contribute to the great task of business restoration. Income taxes are collected on earnings as low as \$300 a year. Incomes of \$1,000 a year pay a tax of



# Foreign Collections

**F**OREIGN COMMERCE is developed not alone by ships and cargoes, but by adequate facilities to finance it. Among such facilities those devoted to collections are of transcendent importance.

## BRANCHES

San Francisco  
Seattle  
Tokio  
Yokohama  
Shanghai  
Paris

Our numerous branches, correspondents and affiliated institutions in all the important parts of the world afford the most direct service for making collections, as well as caring for other matters pertaining to a general overseas banking business. We solicit inquiries.

## OFFICERS

Charles A. Holder  
*President*  
T. Fred Aspden  
*Vice-President*  
E. B. MacKenzie  
*Secretary & Treasurer*

**PARK-UNION**  
**FOREIGN BANKING CORPORATION**  
56 Wall Street, New York

*Capital, Surplus and Undivided Profits, \$4,750,000*

\$60 to \$80. A \$50,000 a year income is taxed \$8,000 to \$10,000.

"The taxes on all forms of luxuries are especially severe. Another tax applies to every form of business. It is collected upon the renting of houses and sales commissions."

## Italy

### Italy Hard at Work

**N**O country in Europe has approached its problem of reconstruction and readjustment to the new situation in world affairs with more intelligence and energy than Italy, according to Willis H. Booth, vice-president of the Guaranty Trust Company of New York, who has just returned from Europe, where he made an extended survey of business and financial conditions in Italy.

"In attempting to estimate conditions in Italy," he said, "it must be remembered that when Italy left the Triple Alliance, she not only severed her political associations with Germany and Austria, but also relinquished the chief sources of her food supplies and raw materials for industry. Her action served notice upon the Teutonic countries that from that time forward her industrial and banking enterprises were to be distinctively Italian. This amounted to a complete change in the course which the commercial life of the country had taken.

"The matter of mass production has been approached by the new industrial generation intelligently. Its problems are appreciated and they are being worked out carefully. As instances of Italy's ability to manufacture on a large scale may be mentioned the Fiat motor concern at Turin, the Parelli rubber works at Milan, the Ansaldo steel plant at Genoa and many other plants. All of these are strikingly demonstra-

# THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed	\$7,500,000	(£1,500,000)
Capital Paid-up	3,750,000	(£ 750,000)
Reserve Fund and Undivided Profits	3,928,970	(£ 785,794)

**BANKERS:** Bank of England; London Joint City and Midland Bank (Limited)  
*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius*

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.

Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

tive of the fact that the new generation of industrial managers measures up in ability to handle mass production efficiently with those of any competing nation.

"The same condition, with some slight differences, prevails in the field of banking and finance. Many financial institutions formerly controlled from Germany are now under control of Italians and they have found inspiration in their efforts to promote industrial enterprises. Caution is necessary to keep their ambitions within control. So far they have been very helpful to the upbuilding of the industries of the country.

"I do not mean to imply that all is going to be easy sailing for Italy. She has a great debt to pay and will be able to pay it only out of surpluses, and the ability to produce these surpluses will be measured by the united efforts of agriculture, industry, banking and commerce. The will to do is there. Men with capacity and judgment are at hand. Foreign financing will be necessary, and each effort in this direction will have to stand on its own merits in competition with the world demand for credit. There seems to be every assurance that co-operation between the financial and industrial interests of Italy and the avenues of credit abroad will give Italy her share. The exchange situation is bad, but this is not entirely an unmixed evil. It is enforcing economy upon many countries which would otherwise never have undertaken it."

## Near East

For U. S. Trade Base in  
Greece

**THEO. S. PALLAS**, assistant manager of the foreign department of the Great Lakes Trust Company, Chicago, has just returned from an ex-



**THEO. S. PALLAS**  
Assistant Manager Foreign Department, Great  
Lakes Trust Co., Chicago

tended trip through the Mediterranean countries where he went in the interest of the bank and its customers, for the purpose of making direct connections

# Ernesto Tornquist & Co.

Limited

## Buenos Aires

Oldest and Largest Financial House in South America

*Established in 1830*

Fully paid up Capital, Reserves and Surplus

\$14,192,498.91 Argentine Gold

equal to \$13,694,036.00 American Gold

We Specialize in the Investment of Foreign Capital in State, Mortgage, Industrial and Public Utility Bonds and Shares

### Money on Mortgages Placed Direct

**BANKING TRANSACTIONS OF ALL KINDS**

We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

We will be Pleased to Serve You in All Business Relations with the Argentine and Contiguous Countries

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

with banks and with merchants who might be in the market for American-made goods. His report in part is as follows:

"In the Near East are Greece, Serbia, Rumania, Turkey, Bulgaria, Asia Minor (Greek and Turkish) and Egypt. On the seas touching these countries there are in all fourteen ports. Seven are absolutely Greek, being Piraeus, Salonica, Smyrna, Patras, Syra, Calamata and Volo; two, Varna and Gourgas, on the Black Sea, are Bulgarian; one, Constanza, on the Black Sea, is Rumanian; one, Constantinople, is Turkish; two, Alexandria and Port Said, are Egyptian, and one, Dedeagatch, on the Aegean, has not been fixed as to ownership. Of all these ports, that of Piraeus, is situated 330 miles nearer the United States than Constantinople, 550 miles nearer than Bulgarian ports, 700 miles nearer than Rumanian ports, 120 miles difference from Egyptian ports. Piraeus is connected by direct railway service with Serbia, Bulgaria, Turkey, Vienna

and Paris. It is the nearest European port to India.

"Greece imports everything needed by its population and the countries mentioned above. It has not a big industry. In consequence, foreign exporters find an active market. Transshipment business is a characteristic of this port.

"American trade is seeking Near Eastern markets. It is paying attention to the details before fixing the central place from which the campaign will be directed. I do not think it practical—and, of course, not American—to spend energy and activity without basis and organization. Choose the central place and it will be easy afterward to direct the penetration. The British Federation of Industries and British Trade Corporation have chosen Athens, the capital of Greece, for their Near Eastern exhibition, although they are well established in Egypt and although they know well the Near East. They are masters of the secret."

# Increased Trade With France and Belgium

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## Greek Banker Visits United States

**AN** indication of the great interest being taken by Greek bankers and merchants in the development of trade with the United States is furnished by the presence in New York City of John G. Plastropoulos, general inspector of The Bank of Athens, the leading commercial bank of Greece. He is making an exhaustive investigation of the banking and commercial methods in the United States, with a view to furthering the business relations between Greece and the United States.

Mr. Plastropoulos is charged with the duty of developing banking connections in the United States on behalf of Greece and his bank. His address is the Vanderbilt Hotel, New York City.

Greece, as a result of the European war, has doubled its territory. Thrace, formerly belonging to Turkey, and a large strip of Asia Minor now are under the Greek flag. The Turks retain in

Europe at present only Constantinople and a small territory contiguous to it.

Greek banks, because of this territorial expansion, are actively engaged in establishing branches in New Greece, as the annexed territory is called. A great commercial development is expected and the bankers are forehanded in getting ready for it.

Greece, through her control of strategic ports, will do much of the trading with the Balkan States and the vast territory in Asia. Trans-shipment already is great, and will become much greater as economic conditions become more stable.

Tobacco from Thrace, said to be of the highest quality in the world, and agricultural products from Asia Minor comprise the principal exportable products of the new Greek territories.

The Bank of Athens is establishing branches in New Greece (Thrace and Asia Minor) and has recently opened a new branch in Manchester, the second to be established in England. The first



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one was opened in London ten years ago.

The Bank of Athens is capitalized at drachmas 48,000,000 and has deposits totaling nearly drachmas 426,000,000. It has twenty offices in Greece, one at Smyrna, two at Constantinople, three in Egypt, two in Cyprus and two in England.

Mr. Plastropoulos began his business career as an officer of the Ionian Bank, Limited. Later he became affiliated with the Greek Ministry of National Economy as a department head in the Division of Joint Stock Companies. Only recently he left that position to become chief inspector of The Bank of Athens.

He will be in New York for several weeks, completing his investigations.

## Far East

### Consortium a Preventive of War

**I**N a lengthy statement recently issued, Thomas W. Lamont, representative of the American group of bankers in the formation of the new consortium for China, declared that in the event the consortium is a success the possibility of war arising in the Far East will be greatly reduced and that China will have a better and fairer chance to work out her destiny as an independent state. He told how he won over the opposition of the Japanese through his personal visits to Japan, and later how he convinced the reactionary groups in China that the consortium would be of vast benefit in the development of the country. Regarding present conditions in China, Mr. Lamont said:

No actual constitutional government at present obtains in China. There are two parliaments in existence, each claiming the other to be illegal. The de facto Government at Peking functions by virtue of its inheritance from the Manchu regime, followed by the Presidential administration under Yuan Shih-Kai. He had an ambi-

tion to become Emperor and form a new dynasty, and therefore, not wishing to be hampered by constitutional limitations, he prorogued Parliament prior to the adoption of the final constitution.

The Southern group maintains that had its passage not been blocked by Yuan the constitution as written would have been surely adopted by Parliament as the will of the people. Among other things this constitution provided that no foreign loans should be contracted by the Government without Parliamentary approval.

It is frequently asserted that a majority of both the present parliaments have been named by the Tuchuns, or Military Governors. These men to-day constitute in China the real stumbling block to effective government, and until they can be controlled or brought to arrange reconciliation no so-called peace will be effective.

These Tuchuns derive their strength in part from the local provincial revenues which they collect and "squeeze" and partly from spasmodic grants made by the Peking Government. The Tuchuns and the Peking Government spend so much upon troops that until there has been disbandment of at least one-half of the troops thoroughgoing financial reform is impossible. This whole situation is most difficult, for it constitutes a vicious circle.

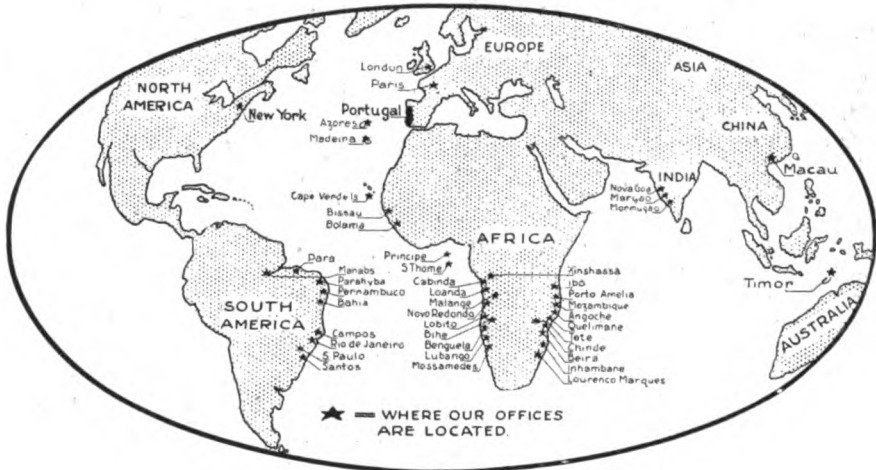
#### A SUGGESTED SOLUTION

For instance, as I have just pointed out, the Government deficit cannot be wiped out until disbandment of the troops takes place, thus doing away with the extraordinary military expense. On the other hand, disbandment cannot be accomplished without a considerable expenditure for paying off soldiers' arrears. Until it can negotiate a loan for these purposes the Government cannot do much in the way of disbandment, and until it can cut down these military expenses it is difficult for it to borrow.

The solution, as it would appear to me, is not the military intervention or occupation of certain cities, which a few of the Japanese militarists advocate. If, on the other hand, the leading powers under whose approval the new consortium has been organized should make to the present Peking Government, to the Southern Government and to all factions in China, including the Tuchuns, strong diplomatic representations, stating that all this nonsense of an opera bouffe warfare must be dropped and the Government must get down to business, I am inclined to believe that the result would be surprising in its effectiveness.

I took repeated occasion in China to make it clear that until effective reconciliation between the factions has been reached the consortium will be unable to function upon any extensive financial scale. In the last few weeks, since my return from Peking, the Government has made sev-

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eral important Cabinet changes tending materially to strengthen the situation.

#### JAPAN ANXIOUS TO CO-OPERATE

As to Japan, I have confidence that her people will enter fully into the spirit in which the new consortium has been formed and that her bankers will carry out scrupulously the compact they have made with their partners and associates of America, Great Britain and France.

With Japan's changing ideas toward China and facing the situation in China itself that I have described, with its banking, economic and transportation systems in a backward state, the consortium comes, with its new policy, not of imposing some large plan of exploitation and control upon China nor of securing great concessions from her, but of wishing to render China assistance in the development of her great basic public enterprises.

The consortium plans to do this with the approval and co-operation of the Chinese Government and people, with safety of investment for the people of the United States, Great Britain, France and Japan, to whom Chinese securities will be offered; with an excellent interest return to such investors; with a fair profit to the bankers and with the hope on the part of the consortium that within a few years it will have been able to assist China to reach such a

point in the development and management of her enterprises that, as a consortium, it will be able to withdraw and leave the entire field to Chinese handling, and to such private foreign enterprise as may continue to be attracted by the opportunities of China.

#### AMERICA'S PRE-EMINENCE

The handling of the whole situation for the long future depends upon the personal element. The banking group representatives at Peking must be of the highest capacity and character and the spirit of give and take among the groups at home and among the individual members of each group must be broad and sympathetic.

Owing to the war the British and French markets may be unable for some few years to come to purchase any large amount of foreign securities either of China or of any other nation. The American group, therefore, has by force of circumstances jumped from an inconspicuous position in the old consortium to one of prime importance in the new.

In this America, as represented through the group, should be equipped to play a very active part. If so equipped she will be able to envisage the situation so as to lay out, with her experienced partners of Great Britain, France and Japan, a sound and comprehensive plan for the economic and financial development of China. She

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will be able to bring to American investors the true story of China, the story of the safety and soundness of those Chinese securities which the American group finds itself able to recommend. Through her representatives at Peking she will be able sympathetically to wield influence upon the present confused elements—to make a real contribution to improving political conditions there.

The success of the whole plan rests in the last analysis, not upon the governments involved, but upon our private citizens, upon the peoples of the respective nations, upon their good will, interest and active participation. Finally, in co-operation with the other groups and nations, America will be powerful in bringing about for the future that unity in spirit and attitude toward China that has been so lacking in the past, and that in the time to come we must count upon to make secure the peace of the Far East.



### U. S. Interests Increase in China

**T**HE increased interest taken by America in trade with the Far East was reflected last year in the fre-

quent visits of her financiers and men of business, the establishment of two new powerful banking corporations—the Asia Banking Corporation and the Park-Union Bank—with branches in all the principal trade centers, and the opening of a large number of new firms. Another event of importance was the Conference of British Chambers of Commerce opened at Shanghai on the 5th of November under the presidency of the British minister. Its primary aim, as shown by its published proceedings, is the co-operation of British merchants in a trade policy favorable to British and Chinese residents. Another noteworthy feature of the year was the establishment of Anglo-American-Chinese commercial clubs at Shanghai and Tientsin intended to promote social and business intercourse between Chinese and foreigners. Many new industrial banks were established by Chinese during the year on foreign lines in support of various trade interests.

### F. W. Stevens the U. S. Representative

**T**HE American group in the international consortium for China has chosen its resident representative at Peking, China. He is Frederick W. Stevens of Ann Arbor, Mich., for several years prior to 1915 a member of the staff of J. P. Morgan & Company, New York City. He practiced law in Grand Rapids and Detroit, Mich., for twenty years after his graduation from the University of Michigan in 1887, becoming general counsel for the Pere Marquette Railroad Company. He has traveled extensively in the Orient since 1915.

Mr. Stevens will sail for the Orient in October after the conference to be held in New York City between representatives of the American, British, French and Japanese groups October 11. This will be the first meeting of the consortium and is expected to develop a policy for the consortium's activities.

The resident representatives of the other groups have not been finally determined upon. British interests are being attended to by A. G. Hillier of the Hong Kong and Shanghai Bank; those of the French by M. Baylan, director of the Bank of India in China, while the Japanese group is represented by K. Takenchi of the Yokohama Specie Bank.

## Central Europe

### German-Owned Swiss Banks Fail

**T**HE low value of foreign money, especially the German mark, has lately caused several small banks in eastern Switzerland to declare themselves insolvent, according to a recent dispatch to the New York Times. Other banks contrived to keep going owing

to the special ordinance of the Swiss Federal Council enabling Swiss banks and commercial companies to evade ruinous consequences of prolonged depreciation of foreign stocks and exchanges.

Despite Government intervention one of the principal Swiss banks in Zurich, known as the Electro Bank, because its money was entirely invested in electrical undertakings, chiefly under German management, cannot meet demands of Aug. 31 and Oct. 1, this year.

According to the balance of June 30 last after calling upon all reserve banks, it still had a debit balance exceeding 6,500,000 francs, while on the credit side is an item exceeding 45,000,000 francs for uncovered losses in exchange.

Even as recently as December, 1918, a share of this bank was still valued at 875f., but Saturday last the shares were offered at 100f.

The Electro Bank, although in Switzerland, is really a German bank, and before the war had interests in South America, Turkey and Russia.



### No Swiss Foreign Deposit Tax

**U**NITED STATES Trade Commissioner H. L. Groves writes from Zurich that the lower house of the Swiss Legislature has voted against the proposed law to tax foreign deposits in Swiss banks, thus changing its position taken at a previous session. The upper and lower houses of the legislature are now in accord in refusing to pass the measure.



### Comptoir D'Escompte de Geneve

**T**HE last annual report of the directors of Comptoir d'escompte de Geneve made to the bank's stockholders, declares that in spite of the reduced exporting caused by the exchange crisis, and the reduced tourist travel which affected hotels and mountain railroads,

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the operations of the bank have developed normally. It was pointed out that this development was favored by the increase of 10,000,000 francs in capital in 1919 and in reserves from 11,200,000 to 14,200,000 francs. Time deposits were increased to 48,350,106 francs, an increase of 8,835,890 francs above the figures at the end of 1918. Profits advanced to 5,365,057 francs. A dividend of 50 francs a share absorbed 3,000,000 francs. After making reserve and sinking fund additions, the amount carried forward to 1920 was 436,919 francs.



## German Conditions Improving

**L**EOPOLD ZIMMERMANN, senior member of the banking house of Zimmermann & Forshay, upon his return recently from Germany, had this to say of conditions in that country:

"I made a trip to Germany in September and October of last year and

returned to Germany again in April of this year in order to observe conditions at first hand. What a surprise greeted me on my arrival in April last! While conditions were in a state of chaos during my sojourn there in September and October, 1919, I now noticed that everything had changed as if by magic.

"The railroads were again running on time and in the best of order. Last year it was impossible to make any definite plans for travel since railroad schedules were shot to pieces; now trains were on time, cars well cleaned and everything in the best of order. To be brief, one could notice again typical German efficiency and orderliness.

"Whether it will be possible for the German worker to produce the amount of coal required by the Spa conference is a grave question, in view of the fact that most of the workmen are undernourished. So long as the question of coal deliveries has not been definitely settled, a depressing effect will be exerted on the German exchange.



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"The enormous and unprecedented enhancement in the price of German industrial shares is explained by the rumor that the French government will demand a large quantity of these securities as a deposit for the food articles to be delivered to Germany. It is not possible to state whether the recent rise in these shares is due to purchases by the government, but this possibility does exist.

"An improvement in the financial conditions in Germany depends to a large extent on the program of taxes which the government intends to levy. The German Finance Minister, Dr. Wirth, in a recent address before the Reichstag, did not present German financial conditions in a favorable light, and laid particular emphasis on the enormous size of the floating debt, which approached 215 billion marks. There is no doubt that the onerous tax

conditions, which are a relic from the Erzberger regime, will be thoroughly looked into by the present government, and in many directions improvements will be made.

"The desire to secure loans from America, which only a short time ago was being widely discussed in all German circles, has considerably abated. They are not desirous of increasing the debt load any further, but prefer to secure private credits in order to obtain the raw materials for the purpose of working them, then re-exporting the resulting articles and for the importation of foodstuffs. Hopes are also entertained that the Entente powers will see the advisability of withdrawing a part of the occupation troops and thus reduce the enormous expenditures to which the German people must subscribe for the maintenance of the troops in the occupied zone."

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## Austria to Withdraw Unstamped Notes

**A**CCORDING to the Basler Nachrichten, the banking department of the Austrian Finance Ministry intends to fix the date on which the Kr. 2 and Kr. 1 unstamped notes are to cease to be legal currency in Austria. Owners of such notes will be given an opportunity of exchanging them for stamped notes. But as the number of these notes is very considerable, their exchange during the time, necessarily short, fixed for the operation will involve the owners in much trouble and loss of time. People are, therefore, advised to get rid of the notes now by giving them the preference when making payments to or deposit in the tax offices, post offices, railways, banks, savings banks, etc. These institutions are no longer allowed to pay out unstamped Kr. 2 and Kr. 1 notes, and consequently no person is required to accept the same from them.

## Latin America

### Mexico Needs U. S. Aid

**I**N a recent address to bankers and business men at the Bankers Club in New York, General Salvador Alvarado, Minister of Finance of Mexico, declared that \$75,000,000 of United States money would be needed to rehabilitate Mexico, "badly in need of help after a decade of revolution and disturbances, but with all of her people now united in a desire for peace, work and prosperity."

He declared the new government would spend this amount of money in solving the country's three major problems, which are:

1. Reorganization of the banking system.
2. Reorganization of transportation means, including both rehabilitation of both railroads and merchant marine.
3. Giving work to unemployed,

especially those who have served under the various revolutionary factions.

Estimating that one-third of the \$75,000,000 would be needed for each of these three schemes, General Alvarado deplored the present banking situation in his country, declaring money lenders, profiteers and middlemen are crushing the farmers who have big crops of cotton, hemp and chicken peas this year.

"The new government of Mexico, formed mostly of young and progressive men who joined the revolution only because they thought it their duty to do so, has drafted a vast plan for the reconstruction and reorganization of the country, covering all national activities.

"As to any anti-foreign sentiment. I can assure you that none exists; on the contrary, there is probably on the surface of the earth no other people more hospitable and warm-hearted toward foreigners than the Mexicans. Before I came to this country I heard of an intense anti-Mexican feeling prevailing in the United States, but my two visits have completely convinced me that such sentiment does not exist. The same thing is true about Mexico."

### A New Bolivian Bank

**A** NEW bank with a capital of \$250,000 soon will be opened in La Paz, Bolivia, under the name of the Pan-American Bank, the Department of Commerce has been advised. The bank is to be established to facilitate financial and commercial transactions between Bolivia and the United States.

One of the most important results to be obtained from the organization of the bank in Bolivia will be a tendency toward the stabilization of exchange between that republic and the United States and European countries, the report said. Another result will be the bringing in closer touch of buyers and sellers through the furnishing of credit information and commercial intelligence. This is especially true where the mer-

chants and industrials are stockholders, since they will have first call upon the services of the institution.



### Another Mexico City Bank

ACCORDING to a report made to the Department of Commerce by Trade Commissioner Cunningham, a new bank is to be organized in Mexico City under the title of *Compania Generale Credito S. A.* Its capital will be 500,000 pesos, one-half of which will be subscribed by a former official of the Carranza administration and the balance by a wealthy American capitalist in Mexico City.



### Uruguay Bank in Trouble

THE Banco Italiana del Uruguay has been granted a six months' moratorium. Its current and deposit accounts totalled over 24 million dollars at the date of the last balance-sheet, and it is said to have been ably managed, but eagerness to accommodate its customers has landed it in its present difficulties. It is fully expected that the suspension will be only temporary.

Another report from Montevideo is to the effect that the cause of the bank's embarrassment is defalcations amounting to \$268,000 made by the chief of the bank's discount department. The money, it is said, was lost in gambling. The report announced the man had been placed under arrest.

July, although the partial strike, in effect on the docks belonging to the Port of Havana, has not been settled. Partial movement of delayed freight is being effected through the use of convict labor.

"August has shown a new and serious complication, the strike of conductors and motormen of the Havana Electric Ry. Co., which went into effect at midnight, Saturday, August 7. The striking employees made certain demands for increased wages, together with other conditions, which the operating company has not as yet seen fit to grant. More recently an increasing number of cars have been in operation, handled by the company's inspectors and outside employees, under police protection. No disturbances of any nature have occurred, and it is to be presumed that the movement will die out without a general strike.

"Shipping conditions in the Port of Havana remain in an unsatisfactory state. The American Commission, aided by the Government officials, as well as the commercial organizations, is using every possible effort towards a solution of the problem, temporary or permanent. So far nothing definite can be announced as to what has been accomplished, although the visit of the American Commission has had the indirect effect of inciting the local importers to speed up their receipt of freight on the docks.

"The Havana Port movement for July, in deep-sea bottoms, as compared with the same month in 1919:

ENTRIES		
	U. S. Flag	Total
1919	171	200
1920	191	260

DEPARTURES		
	U. S. Flag	Total
1919	174	199
1920	192	246

"The Port of Havana Customs House reports collection of import duties during July, 1920, of \$3,746,096.94, as compared with \$2,800,284.20 in July, 1919—an increase of \$945,-

## Cuba

### Review of Conditions

"THE COMPASS," published by the Mercantile Bank of the Americas, has the following to say of the Cuban situation in its September issue:

"No new troubles occurred during

# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital . . . . .	(\$5=£) <u>\$12,500,000</u>
Paid-up Capital . . . . .	<u>3,750,000</u>
Reserve Capital . . . . .	<u>3,750,000</u>
Subscribed Capital . . . . .	<u>7,500,000</u>
Reserves . . . . .	<u>2,825,000</u>
Surplus over Liabilities . . . . .	<u><u>10,325,000</u></u>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

812.74, although registering a decrease of \$577,609.61, as compared with the June receipts.

"Concrete figures from the Immigration Department are not available, but the general total of entries will show a substantial increase as compared with the corresponding month of last year. This increase is, no doubt, materially due to the continued unrest in Spain, the chief source of Cuba's permanent immigration, although the recent shortening of the term of obligatory military service in Spain, together with the high passenger rates in force, should have a restrictive effect."

## South Africa

### The Currency Problem

A NEW currency and banking bill is being considered in South Africa, which proposes the establish-

ment of a central reserve bank which will have sole right to issue bank notes, centralize the cash reserves and regulate the currency.

E. C. Reynolds, general manager of the National Bank of South Africa, in a newspaper interview commented, in part, as follows upon South Africa's currency and exchange problem:

"The notes issued by the bank should be controlled by the government and should be on a secured basis. Three alternatives were proposed to secure the issues: (1) Gilt-edged securities; (2) partly gold and partly gilt-edged securities; (3) entirely by gold.

"It is well known there is a shortage of gold specie in South Africa, and the reason is not far to seek. During the war the trade of the country has been financed by the banks, and so far the community has reaped the full benefits of the high prices prevailing. The effect on the banks has been that they have accumulated large balances overseas which in normal circumstances

would have been remitted to whatever extent necessary to this country in gold coin. That these balances were not so remitted is due to the fact that the British Government placed an embargo on the export of gold. In response to urgent appeals by the banks, and heartily supported by the Union government, small supplies were received for urgent needs, but practically South Africa was cut off from the only source from which the legal tender currency of the country is obtained.

"When the embargo on the export of gold from Great Britain was removed, the metal at once assumed a commodity value much in excess of the standard price, and in order to obtain sovereigns from the mint it became necessary to purchase the equivalent in raw gold, which could only be done at a premium. Starting at 15 per cent., the premium has now reached the vicinity of 35 per cent., and in these circumstances the banks can hardly be expected to purchase gold currency costing 27s in order to distribute at 20s.

"The alternative to the course pursued by the banks was to refuse to finance the export trade during the period of the war, and while this would certainly have seriously interfered with trade at the time, there is no reason to believe that the country would be in any better position as regards gold currency than it is now.

"The inconvertible paper currency suggested is one giving the maximum of security. The safeguards now suggested are more stringent than the existing government restrictions—the restrictions that have been in force for many years past.

"Apart from current trade, balances have accumulated overseas which it has been impossible to transfer to this side, and the primary adjustment of exchange rates would require to be fixed at a point which would cause gold specie to flow into South Africa. The rates should be such that the purchaser of South African money to pay for goods bought would find it cheaper to buy gold and ship it than to pay the rates exacted by the banks, or, what amounts

to the same thing, pay the bank the cost of procuring and shipping gold. In the same way the rates would require to be so adjusted that the South African purchaser of British money to pay for imported goods would find it more profitable to buy exchange through the banks than to ship gold direct. Leaving out of consideration the bank's margin of profit, the bank rate in South Africa on London would be:

"Buying: 35 per cent. discount.

"Selling: 35 per cent. premium.

"The present difficulty is brought about by the now world conditions. This country cannot escape entirely being a participant in the world's today economical difficulties because of our overseas trade.

"It is no use harking back or trying to decide who is to blame. It has nothing to do with politics. It is merely a question of what is best for us to do under the abnormal world conditions. Surely, common sense says lock up the sovereigns for the time being so that the drainage cannot go on, and have a secured note issue as currency. Then the legitimate trade of the country can be financed by the banks, which is more than vital for the whole community.

"Opponents of the inconvertible currency idea should not forget that if their views are adopted our industries would be handicapped to the extent of 35 per cent. or whatever the premium on gold would be, because the imported article would receive this figure. Don't forget that all overseas capital coming to this country would have to pay the 35 per cent. Don't forget the inducement for liquid capital at present used in this country—mortgages, investments in government loans, etc.—to leave the country to get the benefit of the 35 per cent. Is it not better then to lock up the sovereigns for the time being and have a secured inconvertible note issue?"

With regard to the comparative inflating effect of the increase in note issues in Great Britain and in South Africa, Mr. Reynolds says:

"The rise in prices in England was rendered possible by the unrestricted is-



# THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render exceptional service  
in exceptional times

**RESOURCES OVER \$44,000,000**

JOHN A. LYNCH. . . . .	President	LOUIS J. MEAHL. . . . .	Asst. Cashier
WM. T. FENTON. . . . .	1st Vice-Pres. and Manager	WM. C. FREEMAN. . . . .	Asst. Cashier
ROBT. M. MCKINNEY. . . . .	2nd Vice-Pres.	CHAS. S. MACFERRAN. . . . .	Asst. Cashier
WATKIN W. KNEATH. . . . .	3rd Vice-Pres.	WALTER L. JOHNSON. . . . .	Asst. Cashier
OSCAR H. SWAN. . . . .	Cashier	THOS. H. O'CONNOR. . . . .	Asst. Cashier
THOMAS D. ALLIN. . . . .	Asst. Cashier	HAROLD M. MICHAELSON. . . . .	Asst. Cashier

BOND DEPARTMENT in charge of . . . . . Watkin W. Kneath, 3rd Vice-Pres.  
 FOREIGN EXCHANGE DEPARTMENT in charge of . . . . . A. O. Wilcox, Manager  
 DEPARTMENT OF ANALYSIS AND STATISTICS in charge of . . . . . J. S. Baley, Manager

sue of paper money, which in turn was caused by war necessities. The increased note issue in South Africa is consistent with the money value in trade, and is perfectly normal in relation to the increased prices of commodities, to the rapid development of the country and the legitimate demand for more currency. In relation to deposits there has been no abnormal increase in the local issue of South African notes. The proportion of advances to deposits in 1919 was less than the corresponding figures for 1914. It is quite obvious from these figures that there has been no inflation in South Africa."

## Australia

Queensland National Bank, Ltd,

**T**HE report of the directors of the Queensland National Bank, Ltd.,

Brisbane, Queensland, for the year ending June 30 which was presented August 19, shows net profit of £104,672 17s 10d, after allowing for rebate on bills current, taxes, interest on deposits and deposit stock and bad and doubtful debts. A total of £111,438 18s 4d gained by adding to the net profit the £6,766 0s 6d brought forward from the half-year ended June 30, 1919, was recommended for disposal as follows:

	£	s	d
Four quarterly interim dividends at 10 per cent. per annum . . . . .	57,357	19	0
Transferred to reserve fund	28,000		
Proposed dividend at 10 per cent. for quarter ended June 30, free of income tax	19,916	7	9
Balance to be carried forward	6,164	11	7

During the year branches were opened at Kyogle, New South Wales, and at Malanda and Ravenshoe, Queensland.

## Scandinavia

### Danish Trade Survey

**A** SURVEY of Danish-American trade prospects based on a report from its Scandinavian correspondent is published by the Liberty National Bank of New York in its current number of "Present Day Scandinavia." A summary of the survey follows:

"A demand exists in Denmark for a great many American commodities and Danish concerns are desirous of increasing their trade with this country. A majority of those interviewed, however, find it difficult at the present time to do business on account of the unfavorable rate of exchange between the two countries which places American prices out of reach of the Danish merchants.

"Although the unfavorable exchange rate is acting as a discouraging factor to the importation of some American commodities, particularly non-essentials and luxuries, one of the most significant facts developed by the investigation is that established American houses selling products like sewing machines, typewriters and agricultural machinery are conducting a good business in Denmark as a result of establishing satisfactory credit arrangements in that country.

"The feeling seems to be that the exchange rate on the United States has reached a high level and though it may fluctuate some it will gradually go down from now on. The lowest estimate of time in which it would again reach normal is two years."

The industrial development in Denmark at present is the subject of a controversy between two factions, one backed by the present industrial group and the other by commercial men and bankers.

The first group wants to develop the present metal-working, cement, porcelain, shipbuilding and machinery industries, while the second group desires to

make Copenhagen a great trading and commercial center, and invite foreign companies to put up manufacturing and assembling plants to supply the Baltic and Northern European demand.

The arguments of the industrial group are weakened by the lack of raw materials and power in Denmark. Power is all developed at the present time by means of imported coal. A movement was started many years ago to bring power by an undersea cable from Norway, but this has not made any great progress. It has also been thought possible to develop power from the wind which blows constantly across the country.



### Norwegians Discuss Free Gold Circulation

**D**ISCUSSION of the exchange situation on the part of leading Norwegian financiers, according to a bulletin of the Liberty National Bank, New York, has turned recently toward the question of restoring the free circulation of gold among the Scandinavian countries, especially Norway and Sweden, to improve the international position of the Norwegian krone as compared with that of the Swedish krone. No decision has been reached on this point, but renewed emphasis has been laid upon the latest recommendations to the Norges Bank, private banks and savings banks.

These recommendations are:

1. To curtail as far as possible lines of credits already granted and to exercise the most careful scrutiny in permitting new loans and renewing old ones. This is to prevent commodities purchased for Norwegian consumption from being withheld in storage.

2. The government should make it the duty of every taxpayer to present a detailed certificate of all his holdings of foreign exchange or foreign bonds.

3. The Department for Trade should demand on the part of the Bourse that foreign securities should not be admitted without sanction.

In connection with the discussion of this matter in the Storting, the question of payment for ships bought and

# The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.



BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.

Capital fully paid-up . . . . .	(pesos) 6,750,000.00
Reserve Funds . . . . .	4,550,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

## AGENTS

London: Nat'l Bank of Scotland, Ltd.  
 Spain: Banco Hispano Americano  
 Hongkong: Netherland India Com'l Bank  
 San Francisco: Wells Fargo Nevada Nat'l Bank  
 New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte  
 Australia: Bank of New South Wales  
 Shanghai: Bank of Canton, Ltd.  
 Chicago: Continental & Commercial Nat'l Bank  
 Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

tonnage built abroad has raised an important consideration. It is estimated that Norwegian shipowners owe about 400,000,000 kroner on this account at the present rate of exchange. The question is whether the government, in its treatment of the exchange situation, must not regard the restoration of the Norwegian merchant fleet as paramount.



## Swedish Export Prices Higher Than Imports

**A**LTHOUGH the need has been felt for the insistent call in Sweden for greater production and strict economy, the Board of Trade reports after an investigation that the country's imports do not exceed the normal imports for pre-war times, and that of the shipments from abroad only about five per cent. can be classed as luxuries and about the same amount as dispensable commodities.

On the other hand, a recent calculation based on prevailing prices showed that while the values of both imports and exports have increased during the early part of this year, the prices for exports increased 295 per cent. and the prices of imports, 237 per cent. This compares with a similar calculation made last November, which showed an increase in import prices of 241 per cent. and only 188 per cent. in exports.



## International Banking Notes

The latest statement of The Bank of Hawaii, Ltd., giving its condition at the close of business June 30, shows resources of \$18,655,632.39, including \$10,010,286.83 in loans, discount and overdrafts; \$2,474,943.95 in bonds; \$176,301.76 in bank premises at Honolulu, Waialua, Waipahu and Lihue; \$436,602.20 customers' liabilities; \$67,461.70 other assets and \$5,490,035.95 cash and due from banks. The institution is capitalized for \$1,000,000, has surplus and undivided

# Nordisk Bankinstitutt *N/S*

Christiania, Norway

*Paid up capital of 8 Million Kroner*

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



profits of \$1,150,939.60 and deposits totaling \$15,962,728.71. The bank was founded in 1897. C. H. Cooke is president, E. D. Tenney and E. F. Bishop are vice-presidents and Roxor Damon is cashier.

A. F. Lindberg, the new assistant manager of the Mercantile Bank of the Americas, has had considerable acquaintance



A. F. LINDBERG

Assistant Manager Mercantile Bank of the Americas

with Latin American affairs. In part of 1918, 1919 and 1920 he was financial agent in the United States for Nicaragua and in addition a delegate from that country to the second Pan-American Financial Con-

ference. He has had a varied experience in his business career. From 1907 to 1910 he was secretary, chief examiner of accounts and assistant auditor of Porto Rico; in 1911 he assisted in the organization of the customs service of Nicaragua as auditor and in 1915 became deputy collector general of customs there. He was a member of the Commission of Public Credit of Nicaragua, appointed by the secretary of state of this country to revise and consolidate the internal debt of the Central American republic. In 1918 he was appointed a member of the high commission which acts as fiscal agent and trustee for the internal bonds of Nicaragua; coming to the United States as financial agent from that position.

According to a cable received by the Mercantile Bank of the Americas from Buenos Aires, its new affiliate in the Argentine, the Banco Mercantil y Agrícola de Buenos Aires was to open on or about September 1. The Mercantile Bank of the Americas also announces the opening of a branch of its affiliate, the Banco Mercantil Americano de Caracas, at Valencia, Venezuela.

The Bank of Toronto recently has opened branches and appointed managers as follows: Glencairn, Ontario, E. G. Britton; Honeywood, Ontario, J. H. Lawrence; Phelpsston, Ontario, F. G. A. Parsons; Queensville, Ontario, R. F. LeRoy.

The date of the international financial conference to be held in Brussels, Belgium, has been officially fixed for September 24.

George M. Powell, Jr., formerly assistant auditor of The Guaranty Trust Company, New York, has been made assistant comptroller, and Chester A. Van Deventer, who



# Aktiebolaget Svenska Handelsbanken

The Swedish Bank of Commerce

HEAD OFFICE: Stockholm

Cable Address: "HANDELSBANK"

Capital Paid Up . . . . Kr. 80,708,600

Reserve . . . . . Kr. 100,268,609

Resources . . . . . Kr. 1,501,601,560

With 254 branches throughout Sweden this bank is fully equipped to handle the Swedish business of American banks

since August, 1919, has been auditor of the Paris office of the company, has been made an assistant manager of the foreign department.

Two new branches have recently been opened by Banco Portugues do Brasil, the headquarters office of which is at Rio de Janeiro, Brazil. The branches are at Sao Paulo and Santos. New York agents of this bank are the Equitable Trust Company, Guaranty Trust Company and Bankers Trust Company. Viscount de Moraes is president and Alberto Guedes, managing director.

The report for the year 1919 of the Bank of Athens states that profits amounted to 13,388,510 drachmas, of which 80,459 drachmas was written for depreciation of furniture, and 7,908,051 for bad and doubtful debts. The reserve fund was credited with 600,000 drachmas, 240,000 drachmas went to directors, 30,000 drachmas for subscriptions and donations, 30,000 drachmas to superannuation fund, 365,217 drachmas to income-tax, and 4,200,000 drachmas to an 8 per cent dividend, leaving 534,783 drachmas to be carried forward. The balance sheet shows deposits and other accounts at 433,013,970 drachmas.

B. A. Duis, a vice-president of the National City Bank and manager of the foreign department of that institution, is authority for the statement that banks in New York City dealing in the foreign exchanges have come to an agreement on the method of quoting the Latin exchanges. Those banks parties to the agreement will quote French, Belgian, Italian and Swiss exchange in cents per unit. Such a plan has frequently come up for discussion

among representatives of international banking institutions within the past few months.

Actual gold money in existence in the world this year is only \$2,000,000,000 greater than in 1914, while paper money is nearly \$44,000,000,000 greater and credit currency, in the form of bank deposits subject to check, is \$48,000,000,000 greater. The total of gold money known to exist in the world is less than \$10,000,000,000. From 1896 to 1910 inclusive—fifteen years—the amount of gold produced was one-third as much as had been produced in the preceding 400 years.

The foreign department of The Peoples State Bank of Detroit, Mich., has issued a neat folder giving the foreign trade figures of the Port of Detroit and district of Michigan comparatively as of May, 1919, and May, 1920. Contrary to what most persons would suppose, automobiles and trucks were second on the list in value of exports, meat and dairy products leading. The total exports of May, 1919, were \$26,518,245, while in May, 1920, the exports increased to \$33,777,833. Imports in May, 1919, were \$6,018,870 and in May, 1920, \$9,486,847.

Georges Pallain, governor of the Bank of France for twenty-three years, has resigned and was named honorary governor. Georges Robineau, director of the discount division of the bank, was appointed governor.

A new branch of the Mercantile Bank of the Americas was opened at Hamburg, Germany, September 1. At present European branches are in operation in Paris, Barcelona and Madrid. These branches act in

close conjunction with the Latin-American affiliates of the Mercantile Bank of the Americas.

The Asia Banking Corporation, 35 Broadway, New York, has been authorized by the State Banking Department to open a branch at Singapore, Straits Settlements.

The Union Bank of Canada has issued a booklet entitled "Canadian Bill Stamp Tax, 1920," which gives in detail the new Canadian stamp taxes on negotiable instruments.

The New York agency of the Banco Nacional Ultramarino of Lisbon, Portugal, is prepared to quote daily official buying and selling rates for escudos on Portugal and milreis on Brazil. Those quotations in the past have been nominal.

Omer V. Clairborne has been appointed assistant secretary of the Constantinople office of the Guaranty Trust Company of New York.

The report of the directors of Barclay's Bank, Limited, London, for the half-year ending June 30 provided an interim dividend at the rate of 10 per cent. on "A" shares and 14 per cent. on the "B" and "C" shares, subject to deduction of income tax.

The branch of the Bank of Nova Scotia in London was opened at 55 Old Broad Street on August 3. The new branch is in charge of E. C. MacLeod, who was formerly manager of the Kingston, Jamaica, branch of the Bank of Nova Scotia. The London branch is the forty-fourth branch of this bank to be established outside of the Dominion.

J. Hagelsteen, until recently president of Landsbanken, Bergen, Norway, has become managing director of the Bergens Kreditbank, Bergen. He is succeeded to his former position by K. Friis Petersen, formerly minister of commerce and now chief magistrate of the city of Bergen and of the Department of Hordaland.

The sixty-fifth annual report of the Kajima Bank, Limited, of Osaka, Japan,

shows a net profit of 1,170,399.29 yen, including a profit brought forward from the last half of year of 100,105.50 yen, after providing for half-yearly interest and expenses and for depreciation on stocks and bonds. This was distributed as follows:

Legal and special reserve fund, 350,000 yen; dividends at 10 per cent. per annum, 583,400 yen; remuneration to directors and auditors, 35,000 yen; pension fund, 90,000 yen; reserved for taxes, 75,000 yen. This left a balance of profit to be carried forward to the next half year of 106,999.29 yen.

To meet expanding trade demands the Chartered Bank of India is increasing its capital, first subdividing its existing 100,000 shares of £20 each into 400,000 £5 shares, then issuing 200,000 new £5 shares at 7½, making a total capital of £3,000,000.

Owing to the high price of commodities the capital required for trading purposes is three times the amount which was sufficient in the days before the war. Many apparently prosperous businesses urgently need cash, but the banks are still restricting loans, and the excess profits duty makes almost unbearable the strain on liquid resources.



## Farm Mortgage Bankers Meet

AT the National Convention of Farm Mortgage Bankers of America, Kansas City, September 14-16, Dr. Richard T. Ely, Wisconsin State University, spoke on "Problems Involving Agricultural Prosperity." Harry F. Atwood, of Chicago, gave his popular address "Our Constitution, the Antidote for Bolshevism." John Moody, Moody's Investors Service, New York, spoke on "Interest Rates, Past, Present and Future." "Improvement of Water Transportation," "The Future Value of Farm Land," "The Cost of Doing Business" and "How Much Have the Federal Land Banks Increased the Production of Food" were other subjects considered.



Pall Mall Office of Guaranty Trust Co. of New York

## Pall Mall Office of the Guaranty Trust Company of New York

**T**O provide banking service for its customers and others whose business or residence calls them to the West End of London, the Guaranty Trust Company of New York has opened a new office at 50 Pall Mall, S.W. 1.

Here, in the center of the hotel and shopping districts, in a street every foot of which is linked up with English social history from the time of the Restoration, will be found a complete bank able to offer facilities as comprehensive

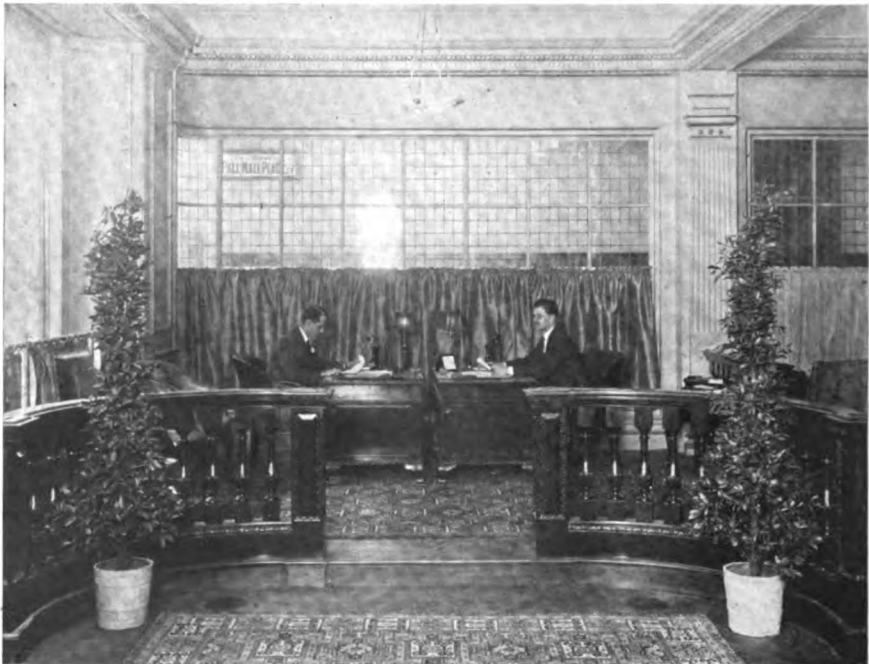
as those supplied to customers at the London City Office in 32 Lombard Street, E.C. 3.

The new Pall Mall Office and the service which is there available are characteristic of the section of the city. The details of the equipment, the decorations and appointments of the office, and especially the organization, are in exact accord with the surroundings.

The customer, whether he be London merchant, manufacturer, exporter or



Main Banking Room



Officers' Quarters . .



Conference Room

importer, business man, or tourist from the United States or elsewhere, will find the office prepared to meet his individual banking needs. In addition, special accommodations have been arranged for ladies who are customers of the office. A room has been provided for their use, with magazines, telephones, writing tables, and attendants.

On entering the main doorway one comes into the entrance vestibule with its massive balustrade of mahogany, similar to the splendid example at Marble Hill, Twickenham, which was built about 1723. On the right is the lounge with its comfortable chairs, its telephone boxes, its magazines, newspapers, etc., and its writing tables. The flower painting in the gilt frame over the doors is typical of the period.

The decoration of the interior has been adapted from that prevailing in England about 1720, when the rather homely and simple taste of the age of Queen Anne was giving way to the more learned and classical feeling which was being introduced in the country by ar-

tists and travelers returning from Italy and the Continent.

Standing in the entrance vestibule the visitor looks toward the rear of the office, through the aisle of fluted Doric pilasters supporting the carved cornice and beams. The walls are panelled out with enriched mouldings and dado rail. At the far end he sees the doorway leading to the private chambers. Carved panelled pilasters support the curved architrave, in which is contained a Sun-ray clock. On the visitor's right, over the fireplace, is the coat-of-arms of the United States of America, and immediately opposite, behind the counter, is a large mirror in a gilt frame, with a carved coat-of-arms of Great Britain.

The counters, the visitor will notice, have been carried out in mahogany to harmonize with the balustrade, while the grilles are in keeping with the metal work on the exterior.

The more severe classical decoration of the main banking room yields in the conference room to an earlier and more



Main vestibule showing British coat-of-arms over mirror

intimate scheme. The decorator has taken his inspiration from the period just previous to the time when Wren was building Marlborough House, on the other side of Pall Mall. The chimney piece, with its bold bolection marble

surrounds and its elliptical mirror, wreathed with sprays of laurel, shows a well-chosen rendering of one of Wren's happiest motifs. Raised fielded panels and an enriched cornice complete the decoration and provide a fitting background to the period bookcase and other pieces of furniture.

In the room devoted to the use of lady customers of the company emphasis has been laid upon intimacy and homeliness perhaps even more than in the conference room. The bolection panelling makes a rich setting for the alcoves with their enriched shell heads, which recall the time when the collecting of china was in vogue and apartments were planned with ample accommodation for the display of these trophies of the collector's craze. The chimney piece, with its dogs and fire irons, is surmounted with a three-panelled mirror in a gilt Gesso frame.

The new Pall Mall Office will augment the already broad facilities afforded by this company, through its various European offices. These offices—American banks with American methods—render a service especially adapted to the needs of American travelers and American business houses.



## Distribution of Deposit Accounts

A STATEMENT recently issued by the Comptroller of the Currency shows the states whose national banks had on May 4, 1920, the largest number of deposit accounts in proportion to population. Wyoming stood first, with 394 depositors per 1,000 of population. Montana was next, with 349 per 1,000 of population. The twelve states whose national banks reported the next largest number of deposit accounts in proportion to population were, in the order named: Idaho, 293; Pennsylvania, 289; Colorado, 280; Oregon, 275; Minnesota, 271; Iowa, 262; Virginia, 259; Vermont, 255; California, 248; South

Dakota, 244; Maine, 239; Texas, 236, per 1,000 of population.

For the entire United States there were 190 deposit accounts for each 1,000 of the population, or approximately one bank account for every five and one-half of the population.

The number of demand deposit accounts in the entire country was 12,315,000; the number of time deposit accounts was 8,065,000, making a total of both time and demand deposit accounts for the entire country of 20,380,000.

The percentage of demand deposit accounts to the total number of deposit

accounts was 60.43 per cent.; the time deposits, 39.57 per cent. The percentage of the total number of time or savings accounts to the total number of all deposit accounts varies greatly in different sections. In Pennsylvania, 48.09 per cent. of the accounts were time deposits; in New Jersey, 46.48 per cent. were time deposits; in New York State, 44.44 per cent. The only states where a majority of all deposit accounts were carried on time were: Maine, where the percentage of time deposit accounts was 63.83 per cent.; Vermont, 56.99 per cent.; Massachusetts, 50.09 per cent.; Michigan, 72.85 per cent.; Wisconsin, 70.25 per cent.; Minnesota, 56.28 per cent.

In the following states the larger portion of the deposit accounts were carried on demand. In Texas, 88.55 per cent. of all deposits were on demand; Missouri, 65.43 per cent.; Oklahoma, 87.43 per cent.; Louisiana, 82.58 per cent.; Alabama, 71.84 per cent.; Mississippi, 84.04 per cent.; Georgia, 64.91 per cent.; Kansas, 79.80 per cent.; Colorado, 68.04 per cent., and California, 73.68 per cent.

The banks in portions of New England and in the northern central portion of the country had the largest number of deposit accounts on time. In the South, Southwest and Far West, demand deposit accounts largely predominated.



## News of the A. B. A.

**A** MORE workable and democratic association is the aim of the Committee on Constitutional Revision, in the draft of the revised American Bankers Association constitution, which is being mailed to Executive Council members this week. This committee, headed by M. A. Traylor of Chicago, has been one of the most active of the present administration, and after weeks of assimilating the hundreds of suggestions which President R. S. Hawes requested members to submit, have evolved in printed form an instrument that it is predicted will add greatly to the effectiveness of the

The revised constitution, a movement inaugurated by President Hawes to make the A. B. A. a more effective working organization, will come up for adoption at the convention to be held in Washington, D. C., October 18 to 22.

One of the principal democratizing clauses is the one providing for a referendum of either the Executive Council, the Administrative Committee or of the entire membership of the association, for determining the association's policy

on questions of moment, at any time during the year.

### DEMOCRATIZES A. B. A. WORKINGS

The entire idea in a revision is contained in the foreword to the printed draft which says:

"If we may make comparison with the National or State Government, the revision is drawn on the theory that the general convention represents the people, wherein the initiative and ultimate power rests, and that the Executive Council is the legislative body which makes and changes the laws from time to time in the administration of the affairs of the body politic."

Under the proposed changes, the powers of the president have been greatly amplified. He is made the presiding officer of the Administrative Committee, given power to appoint committees and authorizes the incurring of expenses by such committees up to \$5,000. These changes alone indicated the hampered administrative operations under the present constitution. The vice-president is given power to preside over the

Executive Council in the absence of the president. Any elective officer automatically is removed from office upon his leaving the banking business; provision is also made for the removal of elective officers under certain conditions.

#### FIVE COUNCIL MEMBERS-AT-LARGE

Five members-at-large are added to the Executive Council, appointive service by the president for one year, re-appointment for a consecutive term of not more than three years. Forfeiture of membership in the council by absence from two consecutive sessions without satisfactory excuse is included in the new draft. Chairmen of commissions created under the new draft are made ex officio members of the Executive Council.

Spring and fall meetings of the Executive Council are called for. The position of executive manager is created, and also the subordinate position of secretary. Power of removal of any association employee is vested in the Executive Council. The council is given power to select the executive manager, general counsel and treasurer. The Administrative Committee selects the secretary.

Elective members of the Administrative Committee from the Executive Council, changed under the present constitution from two to four, are to be elected "from one of the Federal Reserve districts which are not already represented," making the committee representative of the entire country. In the absence of the president of a division, the vice-president may serve on the Administrative Committee, which is made a constitutional committee with full power to administer the affairs of the association between meetings of the Executive Council. This committee is also given power to appoint subordinate officers and employees, power of removal and right to adjust salaries, subject to approval of the Executive Council.

Article X renames the trust company, savings bank, national bank and state bank sections as divisions, making the

secretaries of the various divisions deputy managers of the associations.

#### EXECUTIVE MANAGER'S DUTIES

The powers and duties of the general secretary, title changed to executive manager, have been both amplified and clarified. He is given power to supervise all subordinate officers and employees, is placed in charge of the association's offices and property, and he is chief budget officer.

Four commissions are provided. An Economic Policy Commission, which will take over the functions of the present Currency Commission, membership limited to seven, whose functions are enlarged to consideration of all questions of economic policy, submitted to it or independently investigated, with a view to assisting the association in the determining of its policy in such matters; and Agricultural Commission, the same as now provided by the constitution, with the added function of arousing interest in obtaining good roads; a Public Relations Commission, being the Public Relations Committee created by a resolution at the St. Louis convention from the membership of the association, the name being changed from committee to commission and the functions being the same as conferred in the creating resolution, except that supervision of the official publication of the association is added; and a Commerce and Marine Commission, whose functions are the same as the present committee of that name.

Permanent council committees are named as follows: Finance Committee (reduced from nine to six members), Committee on Federal Legislation, Federal Legislative Council, Committee on State Legislation, State Legislative Council, Protective Committee, Committee on State Taxation, Insurance Committee, and Committee on Membership.

#### THE PROTECTIVE COMMITTEE

Provisions covering the Protective Committee call for two co-ordinate officers of the association as members of the committee, and require that one of the three council members on the com-



mittee be secretaries of a State Bankers Association.

Council committees may be selected by the council or appointed by the president. If deemed advisable, the committee personnel can be selected from the membership of the association at large and not confined to council members as at present.

The official publication is placed under the direction of the executive manager and the supervision of the Public Relations Commission. Whether it be published weekly, semi-monthly or monthly is left to the Administrative Committee.

#### ADDRESS ON FEDERAL RESERVE

Completion of the program for the Washington convention of the American Bankers Association is announced by President Richard S. Hawes, with the acceptance of Oscar Wells, president of the First National Bank of Birmingham, Ala., who will speak on "The Federal Reserve System." A great deal of interest will center around this address because of the part the system has played and is playing under present restricted credit conditions.

Mr. Wells is qualified to handle the subject fully, being a member of the Advisory Committee of the Federal Reserve System.

#### EDUCATIONAL CONFERENCE

R. O. Kaufman, chairman of the Educational Committee of the American Bankers Association, announces that a conference on educational matters will be held at Washington in connection with the A. B. A. convention, October 18 to 22.

Mr. Kaufman says that most state associations have created educational

committees to help the A. B. A. committee and that each of these bodies has been asked to send representatives to the Washington conference.

Through this educational conference, the committee expects to secure an exchange of ideas, with the hope of stimulating the interest of bankers all over the country in this work. Several writers of text books will attend to discuss with the committee the proper treatment of the subjects pertaining to banking and finances. Prominent educators and representatives of the educational department of the Government will attend.

The major subject the Educational Committee is trying to have included in school work is general banking knowledge as covered in the following subjects:

1. Corporations, how organized and how operated. In the minds of many people a corporation is something to be feared and always exploited when opportunity presents.
2. The kinds of banks and their respective functions; distinction between national banks, state banks, trust companies and savings banks should be made clear.
3. Bank deposits, what they are, what they do, and how safeguarded.
4. Bank reserves, what they are, what they do, and how safeguarded.
5. Loans, discounts and credit analysis and rating. The essentials of a good credit rating at one's bank.
6. The Federal Reserve System, its character and functions.
7. Investment. The essential elements of a good investment. Distinguish from speculation. How to avoid dangerous investments.
8. Foreign exchange, briefly explained.



# The Banker's Part in Farm Production

**I**N a pamphlet recently issued by the Moline Plow Company of Moline, Ill., George N. Peek thus summarizes the part which he believes the local banker should play in helping farmers to increase production through the greater use of labor-saving machinery:

## THE PROMPT EQUIPMENT OF FARMS DEPENDS ENTIRELY ON BANKERS

For many years implements have been sold by manufacturers to dealers and by dealers to farmers on long credit terms. This was possible with horse-drawn implements. It is not possible with power equipment. The new units are so much heavier and more complex than the old that the investment necessary in manufacture and sale is so great that manufacturers can no longer finance distribution between spring and harvest.

Local financing of dealers and farmers for purchase of power farm equipment is an immediate and pressing necessity. This does not mean that bankers can be requested to make unsafe loans. Quite to the contrary, it means that they must step into their proper place as financial guide and mentor to the communities they serve as never before. They must require dealers to conduct their business on sound business principles and see to it that credit is not extended to farmers who are shiftless and unbusinesslike. In short, they must lend their financial experience to both dealer and farmer, and by making loans contingent on fair credit conditions, they must bring local methods to a point where the new and inevitable necessity for local financing of farm equipment can be met.

It does mean, however, that dealers and farmers admitted by the banker to be financially sound must not be turned away on any shiftless consideration of immediate expediency.

Most bankers have understood this and acted accordingly, but some have said consistently and more are saying now to dealers and farmers: "Buy your

equipment on terms. We are trying to deflate credit!"

It is inconceivable that such an answer should spring from or be presented to human intelligence. In the first place, "buying on terms" does not deflate credit. The farmer gets credit and so does the dealer. And the manufacturer gives credit and he has to go to a bank or broker and borrow the money to give it.

In the second place, some of this credit comes from the very country banker who refuses it to the dealer. The manufacturer sells his notes to a broker and many of them are bought by country bankers.

Next, since the rural bankers' borrowing capital is to no small extent the farmers' deposits, the money the manufacturer borrows and lends in the form of credit through the dealer to the farmer is the farmer's own money.

Finally, since the method of credit suggested in such a case is the most wasteful and unscientific known to business, and passes through so many profit taking hands (broker, banker, Federal Reserve), the manufacturer can only give credit at the exorbitant rate of 20 per cent. per annum (normal terms 5 per cent. discount for three months). By this attitude the banker not only accomplishes nothing for himself or the community which God has given him the privilege and the duty to serve, but he has penalized the community by the enormous tribute exacted by the method to which he remits it, and worse—since manufacturers can no longer grant such terms—he is effectually preventing the equipment of farms.

But the anomalies do not end here. Some bankers say: "The money passes out of the community. I prefer to loan on home investments."

All money for imports passes out of the community. No community can exist without importing farm equipment. The real test is: "What loan produces the greatest influx of money to the com-

munity?" No loan equals an implement loan in productiveness. It increases many times the effective production of men engaged in agriculture. It returns with greater addition than any other loan.

Sometimes the answer comes with finality: "We haven't any money." The obvious reply is: "Farmers' paper taken by the dealer and approved by you is eligible for rediscount with the Federal Reserve." But there is still a rejoinder:

"We are discounted to the limit," or "We do not use the Federal Reserve,"

or

"Their rate of discount is higher than the legal rate of interest." None of these is sufficient.

If a bank loaned all the money it can get, it cannot fail in this necessity. It should call less essential loans. The need for production is national and overwhelming, and, as has already been shown, real "deflation" of credit depends upon it.

A bank which, for pride or prejudice, will refuse the common recourse the nation has provided in the Federal Reserve, and deny the essential requirements of its community, has simply failed to learn the first lesson of service. The community has a right to demand service. It should get another banker.

When a local bank finds itself face to face with a naked rule of arithmetical equality emanating from a Federal source, which imposes a discount rate higher than the legal rate of interest, the bank is absolved from blame. It ought still to find money for agricultural production at the expense of other loans, but the existence of this condition in some parts of the country is a shame to Federal administration.

Such a rule simply eliminates the Federal Reserve in the district where it applies. It was intended to "reduce inflation" by refusing credit. We have demonstrated that such an attempt has precisely the opposite effect.

When credit is no longer available there are only two alternatives. One is to expand the credit limit, the other is to prefer essential uses. We have seen that there is no third recourse of refusing credit. All this is elementary, yet it is a fact that our Federal Reserve has chosen a course which eliminates credit rather than to assume responsibility for expanding the limit or preferring essentials.

We may be thankful that country bankers are Americans and few will be willing to hide behind this blunder of the Government.

Farms must be equipped and banks must finance the equipment. It is a local duty sounding among the highest obligations of the banker to his community. It is a national duty of prime importance. Development—progress—prosperity of every store, farm, citizen and establishment, either urban or rural, depend on agricultural production, and the prosperity of the nation, the solution of the existing credit and cost problem, and finally the economic necessity of a world torn by fierce and strange dissensions, its peace and the very government of nations threatened by a vague unrest and an undefined state of precarious political equilibrium—all demand of farmers in every community in this land an uninterrupted flow and increase of agricultural production. This demand can only be met with the assistance of bankers of courage and intelligence.





## A Memorial Bridge for New York

**A**LFRED C. BOSSOM, bank architect of New York, has designed a gigantic memorial bridge which it has been proposed to construct over the Hudson as a memorial to the war heroes of New York and New Jersey. The idea of the memorial feature is that the State of New Jersey should use one of the pylons as its war memorial, and that the other be used as New York's memorial.

The bridge would be a suspension bridge about the largest in the world and the main pylons would be set out in the river beyond the bulkhead line, so far beyond the bulkhead line, in fact, as to leave full water way for the largest ships in the world between that and the deck heads.

The bridge would be constructed in two levels, an under-level for trains to come over from the various outlying parts of the country so that freight could be handled from the western wheat fields right through over this bridge, and carried around on to the docks on the Manhattan side without a double handling as is necessary at present.

The bridge on the New York side would connect up in practically a straight line with Williamsburg Bridge, Brooklyn Bridge and Manhattan Bridge, so that there would be direct transportation facilities from Long Island to Jersey, or vice versa.

The form of the pylons of the bridge make them the ideal background for a beautiful

memorial sculptured subject, symbolic of what has been done in the war, and there would be fitting spaces for the work of the greatest sculptors of each of the states. The upper sections of the pylons are large enough to contain rooms in which the records of the Great War could be stored with perfect safety. Reading rooms could be made for the headquarters of the various Legion Posts, and the upper portions of the pylons could be used for observatory purposes.

The tentative idea of financing this operation is to have it underwritten by a bank syndicate though this is purely tentative and only a proposal. It is thought that due to the financial return that this bridge so evidently would have, the matter would be a good investment, sufficiently satisfactory to justify private capital getting into it.

It is also contemplated that the opportunity should be given to the two states that after a certain time in the future they could purchase this bridge from the hands of the stockholders at a price to be determined upon, thus giving to the states the tremendous benefit of the bridge during the time when finances are perhaps a little strained, and yet giving them the privilege of acquiring it for their own use in the future, and in the interval making it a perfectly satisfactory investment for private investors.



## Book Reviews

### A New and Authentic History of Cuba

On account of the antiquity of its civilization, the romantic nature of its development, and especially because of its close political and commercial relations with the United States, Cuba offers a most fascinating subject of study. The opportunity for delving in this mine of rich interest is now afforded by the publication of a complete History of Cuba, prepared by Professor Willis Fletcher Johnson, and issued by Messrs. B. F. Buck & Co., Inc., 156 Fifth Avenue, New York.

The history is in five volumes, the last one dealing with the Resources of Cuba. This volume will be made the source of very liberal quotations in a subsequent number of *THE BANKERS MAGAZINE*.

It has been intimated already that there are special reasons why the people of the United States are profoundly interested in Cuba's history. But Professor Johnson, in the preface to his work, points out others. Foremost of these, of course, is the fact that the Discoverer of America was in one or more of his voyages an explorer of the Cuban Coast; secondly, it was from an ancient fortress in Havana that De Soto set out on his quest which ended in the discovery of the Mississippi. Hardly of secondary interest is the fact that Cortez also embarked from Havana on his expedition which was to result in the annexation of Mexico to the Spanish Crown.

The author contends that "Cuba was the first detached country, not destined for annexation, to which the United States extended and applied the fundamental principle which was later developed into the "Monroe Doctrine." He states also, in reference to the construction of the Panama Canal, "that this transcendent deed was accomplished largely because of Cuba and because of the conflict through which that island violently divorced herself from the im-

perial sovereignty which Columbus had planted upon her shores."

While dealing adequately with the many attractive physical features of the country itself, the author devotes his attention chiefly to a history of the Cuban people, and the long and remarkable development of that people into the modern Cuban Nation. He finds fruit for almost endless thought and speculation in the circumstance that so many of the early Cuban settlers, as indeed all of the Spanish explorers and conquerors of the Sixteenth Century came from the two Iberian provinces of Estramadura and Seville—the first a rude, rugged, half-sterile region of swineherds and mountaineers, poverty-stricken and remote; the second plethoric with the wealth of agriculture-industry and commerce, and endowed above most regions of the world with the treasures of learning and art. From the barren, impoverished and uncultivated Province of Estramadura came to the new world such mighty conquerors and bold discoverers as Cortez, Pizarro, Balboa and De Soto.

Cuba was thus in the foundation the fortunate recipient of the rugged and masterful spirit of Estramadura and of the elements of government and of social grace and intellectual power which Seville could so well supply. This combination of elements, regarded by the author as being not incompatible, exercised a marked influence upon the characteristics of the Cuban people.

Considerable space in the author's preface is devoted to the relations between the United States and Cuba. He does not regard our military intervention against Spain as having been essential to the liberation of Cuba, attaching greater importance to the indirect aid which this country rendered in the struggle. Our service in helping the new nation on its way in the earlier stages of its existence are justly praised. That is a chapter in our history which may well be read with pride.

It is fortunate that an extensive his-

tory of Cuba has been written by so competent an authority as Professor Johnson. His style is engaging and his judgment well-poised. The "History of Cuba" is a work of decided interest and of great practical usefulness.



**MANUAL FOR THE STUDY OF THE PSYCHOLOGY OF ADVERTISING AND SELLING.** By Harry D. Kitson, Ph.D. Phila.: J. B. Lippincott & Co.

The psychological point-of-view of advertising has been strictly maintained throughout this manual. It is for use mainly in institutions where other courses in advertising and selling are given. It does not duplicate any other work in any course but will add to the interest in the work.

The mechanical arrangement of the manual has been planned to give the best service to teacher and student. References are given continuously to four books dealing with the psychological phase of advertising, so that the outline may be used with any one of them as a text. Blank pages are provided for the student's notes.



**THE BUSINESS MAN AND HIS BANK.** By William H. Kniffin. New York: McGraw-Hill Book Co., Inc.

This book gives a clear, concise explanation of the bank's complicated machinery for the benefit of those on the outside. It is a discussion of banking from the business man's viewpoint, showing him how the bank touches his interest and how he can make full use of the bank's functions.

It points out how the bank may be used in obtaining credit, in collecting

receivables, and in handling foreign business, being based upon the author's many years of experience in mutual savings banks, national banks and state banks.

Helpful advice on choosing a bank, how to prepare a financial statement, how to read a bank statement, the use of trade acceptances and the making of warehouse and collateral loans is given. Throughout the book the treatment is simple, clear, direct.



**MEN, MANNERS AND MORALS IN SOUTH AMERICA.** By J. O. P. Bland. New York: Charles Scribner's Sons.

Describes in Mr. Bland's charming style and discursive humor the life and manners, both in town and country, in the great republics of South America. Not a mere geographical compilation, but the work of a writer interested in all types of humanity and who has the faculty of vividly describing the things and people in which he is interested. Copiously illustrated from photographs taken by the author.



**ACCOUNTS IN THEORY AND PRACTICE—PRINCIPLES.** By E. A. Saliers, Ph.D. New York: McGraw-Hill Book Co.

The purpose of this book is to give a first course in the principles of accounts. It will be of interest to accountants and other business men generally because it presents an effective combination of theoretical discussion and practical application. The book is so arranged that the order of study may be varied and possibly some parts omitted as the author has realized that every individual has his own ideas about the proper sequence of subject matter.



# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

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You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others :

Hibernia Bank & Trust Company, New Orleans, La.  
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Charlotte National Bank, Charlotte, N. C.  
First National Bank, Jersey City, N. J.  
Greenwich Trust Company, Greenwich, Conn.  
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***Bank Architect and Equipment Engineer***

**680 Fifth Avenue, New York**





Banco Nacional Ultramarino, New York Office

## An Important Foreign Bank Agency Opens in New York

**A**NOTHER important link in the chain of foreign banking institutions with offices in the United States was formed recently when the Banco Nacional Ultramarino opened an agency in the Singer Building, at 91-93 Liberty Street, New York. This bank covers a field for American foreign trade, which has been more or less completely provided heretofore with banking facilities for American business, and the New York agency has been established principally for the purpose of creating helpful relations and developing trade and business generally between the United States, Portugal, the Portuguese colonies in East and West Africa, India, China, Timor, Azores, Madeira and Belgian Congo, as well as Brazil.

Few bankers fully realize the extent and importance of the Portuguese influence, language and customs in the commerce of the world. One of the best customers of the United States is Brazil, where Portuguese is the official language and where many Portuguese customs prevail. Trade between the United States and East and West Africa is highly satisfactory and is rapidly in-

creasing, with considerable promise for the future in view of the movements in that territory for the development of natural resources. Then there are interests in the Far East where similar conditions exist. Portugal itself has many trade ties with the United States.

E. F. Davies managing director of the Banco Nacional Ultramarino, is a recognized expert in foreign banking.

He was formerly foreign exchange manager of the London County and Westminster Bank, chairman of the committee of English and Foreign Bankers for Foreign Exchange Problems, and as the banker acting in connection with the Relief Committee was instrumental in stabilizing American exchange at the outbreak of the war, thus winning the gratitude of many Americans temporarily stranded in London.

The New York agency of the Banco Nacional Ultramarino is in charge of Joseph McCurrach, former vice-president of the Continental and Commercial National Bank of Chicago. Mr. McCurrach is a well-known authority on international trade. He was born in Scotland and had early legal training, being



DR. JOAO HENRIQUE ULRICH  
Governor, Banco Nacional Ultramarino

subsequently connected with the Union Bank of Scotland for five and a half years, then with the Bank of Montreal, in Canada, and later four years with the Northern Trust Company of Chicago. Fourteen years ago Mr. McCurrach went with the Continental and Commercial, becoming vice-president, from which he came to New York to become agent for the Banco Nacional Ultramarino.

The Banco Nacional Ultramarino was established August 12, 1864. Its head office is in Lisbon, the capital of Portugal. As a semi-governmental institution it is the only bank authorized to issue its own notes in the Portuguese colonies. It has seventy branch offices located in various parts of the world, principally in those countries of Portuguese origin, and its total resources are more than \$1,159,000,000 (at par of exchange). The average dividend during more than half a century of activities and growth has been six per cent., and in the last two years its dividends have been twenty per cent.

Care has been taken to locate the of-



Office of Joseph McCurrach

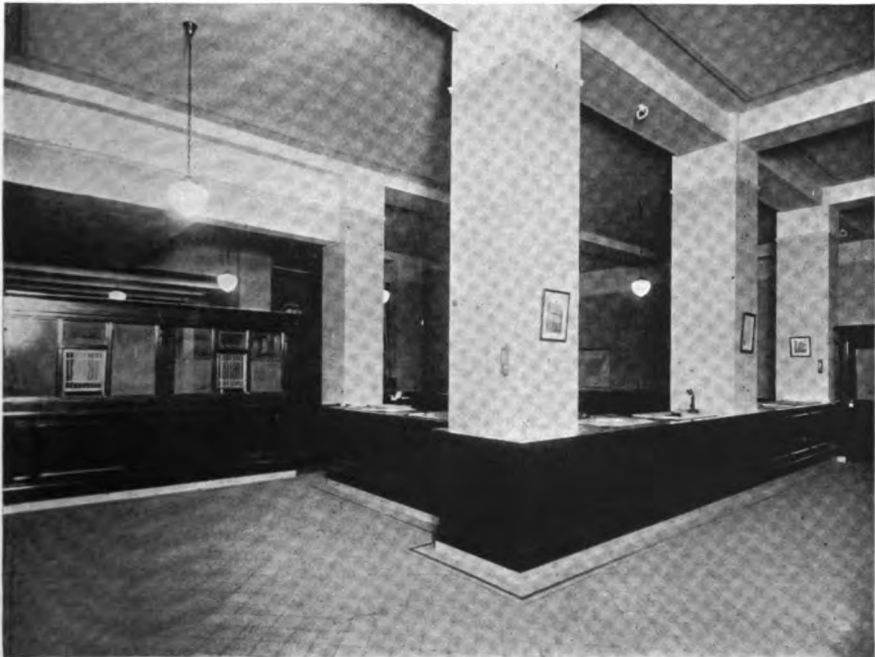
ices of this institution in trade centers which are strategic, accounting for exceptional facilities in Brazil for rubber, coffee and other trades coincident with the east coast of this productive country. Nine offices are located in Brazil. The whole of the east and west coasts of Africa are covered with offices of this institution, while in Portugal itself there are twenty-eight offices, supplying the entire country with facilities for efficient banking. New offices will soon be opened in Hong Kong and Bombay to further augment the bank's Far Eastern facilities.

An unusual feature of the Banco Nacional Ultramarino is the fact that it maintains warehouses of its own throughout Brazil, as well as at points in Africa and in London and Paris. This bank does not purchase merchandise, but its warehouses are used as additional means of protection for shippers and the materials coming under the bank's care in the course of mercantile banking transactions.

It will be the policy of the Banco Nacional Ultramarino in the United



E. F. DAVIES  
Managing Director



View of Banking Room Showing Office of Sub-Agent

States to be a banker's bank as far as possible, which provides particularly for out-of-town exporters and importers the means of transacting their financial affairs through the banks with which they are best acquainted. Another important phase of its service is a special commercial intelligence department which provides news of finance and trade in the countries where the bank has branches, through a system of inter-branch reports. This service is entirely at the disposal of banks and merchants throughout the United States. Special information will be obtained for clients where that information may not be included in the regular bulletins.

The New York agency will advise merchants of the best methods to be employed in order to successfully enter the Portuguese and other markets, and arrangements can be made for all business with the Banco Nacional Ultramarino to be passed through their own bankers.

The shipping and documentary credit departments place every facility at the disposal of American traders.

The foreign exchange department quotes the best rates for purchase and sale of foreign drafts, mail and tele-

graphic transfers, etc., on all banking cities of the world, and secures forward exchange for traders arranging time contracts.

In addition to the New York agency, the Banco Nacional Ultramarino has branches in Portugal, Brazil, the Azores, West Africa, Cape Verde, East Africa, India, China, Timor, Madeira and Belgian Congo. The London office is at 27b Throgmorton Street, E. C., and the Paris office is at 8 Rue du Helder, IXe.

Dr. Joao Henrique Ulrich, governor of the Banco Nacional Ultramarino, comes of a family with banking traditions extending over half a century. His grandfather, Joao Henrique Ulrich, was one of the founders of the Banco Nacional Ultramarino in 1864, and was a member of the first board of directors. His father, of the same name, Joao Henrique Ulrich, was vice-governor of the Companhia Geral do Credito Predial Portuguez. His maternal grandfather, Guilherme José Ennes, was a director of the Bank of Portugal.

His career is one long series of successes. His father died when he was only fourteen years of age, and when



General View of Banking Room

he had concluded his college studies, he took degrees in law in the University of Coimbra, obtaining the highest qualifications granted in the year 1902. After that, he practiced as a lawyer in Lisbon for seven years, and was several times elected as a member of the Portuguese Parliament, taking one of the leading parts in the very important projects of law.

Dr. Ulrich was also a member of the Committee of Finances, Commerce and Agriculture in the House of Parliament, where he enjoyed the greatest consideration.

At thirty years of age, when the Monarchy was overthrown, he was a candidate for the Ministry, and although his name has been suggested several times as a Minister under the Republic he has never accepted any portfolio.

Dr. Ulrich is the author of several standard works, such as "Study on the Practice of Law in Portugal," "Bills of Exchange—The Payment by Intervention According to the Portuguese Commercial Law," "Co-operative Societies," "Organization of Agricultural Credit in Portugal," "Practical Guide to the Rural Savings and Loan Banks." He also played one of the leading parts in the organization of the agricultural



JOSEPH McCURRACH  
New York Agent

credit arrangements in Portugal, being responsible for a greater portion of the propaganda, and himself drafting



Map Showing Location of Branches

the first law relative to the matter in Portugal.

He was also the vice-president of the Central Association of the Portuguese Agriculturists, and is to-day still a member of the International Commission on Agriculture.

In 1909 he was elected the Governor of the bank, and under his able leadership the capital has been increased, until to-day the total is Escudos 24,000,000, and the Reserves have increased from Escudos 5,260,000 to Escudos 24,900,000, the dividend also rising from nine per cent. to twenty per cent.

It is owing to the great initiative and hard work of Dr. Ulrich that new branches have been opened throughout the whole of the Portuguese colonies, as well as a series of branches in Portugal and in the monetary centres of the world, London and Paris, and New York.

It is interesting to know that Dr. Ulrich is the chairman of several important companies, and, in addition to the position of governor of the Banco Nacional Ultramarino, he is a member of the Conselho Superior do Commercio Externo; director of the Companhia Nacional de Navegação; director of the Companhia das Aguas de Lisboa; member of the committee of auditors of the Companhia dos Tabacos de Portugal; director of the Sociedade Hespanhola do Caminho de Ferro Madrid Caceres

Portugal; member of the committee of auditors of the Companhia de Seguros Previdencia.

He is president of the board of directors of the following companies: Companhia das Pesquisas Mineiras de Angola (Pema); Companhia du Petroleo de Angola (Angola), and the Companhia de Diamantes de Angola (Diamang), in several of which English, French, Belgian and American groups are interested.

As governor of the Banco Nacional Ultramarino, all the large financial operations that have been carried out of recent date have been under the able and masterly hand of Dr. Ulrich, who has conducted various operations for the organization of big companies and loans to the government.

The great foresight of Dr. Ulrich is admirably demonstrated by his success in making the Banco Nacional Ultramarino rise from a small bank to a great financial power. His great ability, steady attention to business, is combined with an admirable charm of manner, and a working capacity which is phenomenal.

Dr. Ulrich occupies one of the leading social positions in Portugal, and, in connection with American matters, is a friend of the American Minister in Lisbon, as well as being on the best of terms in Lisbon with the whole of the diplomatic corps accredited in Lisbon.



# Taking the Danger Out of the Banking Business

ON a quiet summer afternoon a taxi rode up to the First National Bank of Boynton, three masked men jumped out and walked boldly into the bank. It was just before closing time and the employees were finishing the day's routine. As quick as a flash three Colt "forty-fives" covered the tellers and the command "Hands up!" rang out. For some reason, unknown to the gunmen, the tellers refused to obey the command, and held their posts behind the counters. The bandits were risking all on one desperate chance and figured that it would be surer to shoot and make a fast "getaway" than to attempt other more peaceful methods. One of the gunmen fired point blank at the glass behind which the teller was stationed. The bullet splintered the glass, but it did not go through! The other two gunmen, in sheer desperation, also fired and found their bullets flattened, lying nearby on the floor. This experience was something new for the burglars, and as soon as they saw signs of activity on the part of the tellers, they became panic stricken and bolted for the door. As they approached the doors leading to the street they were dismayed to find them suddenly locked in their faces, and at the same time they heard a burglar alarm ringing on the outside of the bank. They realized that the game was up, and that the next scene would be played before the judge.

This little story sounds like a chapter from a current detective story, but it is the report of an actual occurrence and is absolutely a fact, except for the names of the bank and the town. The natural questions that arise are: "How could the gunmen shoot at the glass and not hit the tellers?" and "How could the men leave their places to lock the doors of the bank?"

The answers to both of these questions may be found in the new devices now being installed in a great many

banks by the Bankers' Protective Appliance Corporation, of 5 Columbus Circle, New York City. One of these is bullet-proof armor glass, a specially constructed glass that will withstand a forty-five calibre steel-jacketed bullet. This glass has been likened to trans-



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Capt. Tempest holding a bullet flattened without penetrating the glass

parent steel. It consists of two sheets of glass between which there is a substance that is guaranteed to turn aside the bullet. The glass cannot be detected as a special kind, so closely does it resemble ordinary plate glass. At recent demonstrations held in New York and Philadelphia, a number of pistol experts attempted to shoot through the glass, but without success. Their bullets were flattened against the glass and found on the ground nearby, or they embedded themselves in the glass. The

bankers present at the demonstrations marvelled at the properties of this patented glass, and saw its possibilities as a protective agent. It is quite remarkable that a bullet shot from a Colt "forty-five" at a distance of less than six feet, directly at a square frame of this glass, was turned aside.

To protect completely the paying teller, the Bankers' Protective Appliance Corporation has devised a special coun-

every door and window in a building can be shut by the pressing of a single button. After the doors are locked they can be opened only by a key in the possession of the person operating the device. This is how it works: Attached to the door is a brass box in which there is a clock-like mechanism and a cylinder containing a drum for a steel chain. The chain is attached to the door itself, while the box is fastened to the frame



*Copyright by Underwood and Underwood, N. Y.*

S. L. Krantz, the inventor, firing at glass to show it is bullet proof

ter section through which the teller passes money to the customer. It is so constructed that the gunman cannot thrust his revolver through the passage to cover the man on the other side.

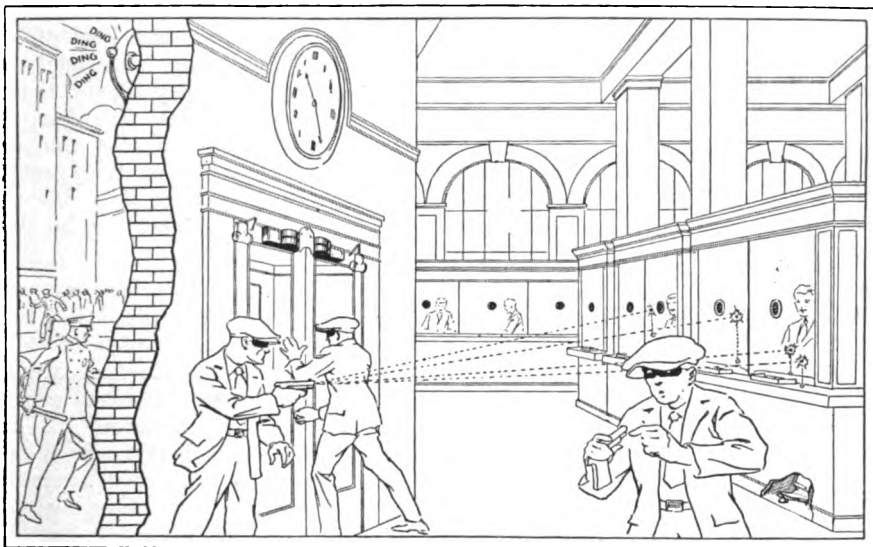
If he does shoot, the bullet will embed itself in the soft metal base, or it will strike the hard curved steel rim of the counter section and ricochet to the ceiling.

And now we come to the point where the gunman is trapped. This clever contrivance is operated by the mere pressing of a button and is known as the Automatic Door Closing Device. By it

of the door. When the button is pressed (it may be on a desk, at the teller's foot, or anywhere desired) a trigger that holds the door open is released and the door locks automatically.

An instance of the efficacy of the Automatic Door Closing Device is found in the report of the capture of a forger in a New York bank recently. A man presented a check that the paying teller had reason to suspect was forged. As he turned it over to examine it more carefully, the man became uneasy and made a bolt for the door. He reached the door leading to the street, but found





This is what happens to a "protected" bank during a hold-up: The robbers' bullets fail to penetrate the bullet-proof glass; by pressing a lever the teller automatically closes and locks the doors and starts a burglar alarm on the outside of the building which calls the police. The robbers are trapped like rats in a cage.

it slammed very suddenly. As he turned to re-enter the bank another set of doors closed on him and he was caught like a rat in a trap. A burglar alarm was set going and the police arrived to make the arrest. The explanation of the man's capture is simple: The teller let the man reach the outer doors before he pressed a button locking them. Then he pressed another button, automatical-

ly locking the inner doors, and the man was trapped.

The various appliances described have the official endorsement of the New York Police Department, and they have been approved by Deputy Commissioner Joseph A. Faurot, the fingerprint expert, and Philadelphia Department of Police, Superintendent Mills and Assistant Superintendent Tempest.



## Leading Bankers Endorse Purchases of Trucks

**T**HAT the financial interests recognize the importance of the motor truck in the nation's immediate transportation program was brought out in a number of letters received recently by E. A. Williams, Jr., president of the Garford Motor Truck Company of Lima, Ohio.

"Recently we wrote to a number of prominent bankers," said Mr. Williams, asking for an expression of their opinion as to the importance of the motor truck in the traffic emergency that

exists, and requesting information as to the willingness of the financial interests to endorse the purchase and use of trucks."

An official of a large Metropolitan bank, replying to Mr. Williams' inquiry, stated that the present money situation made it necessary for the restriction of loans in his institution to non-essential industries. But, he added, "We are happy to advise you, however, that in no case has this bank requested our motor truck customers to reduce their

loans, for the reason that we do not look upon this industry as being included in the non-essential class.

"I appreciate fully the value of motor truck transportation in the present most serious freight congestion, and, as you probably know, this bank has never lumped together the truck and passenger car business. We have many accounts of both kinds and recognize that they require different treatment and must be judged by different standards."

From another letter received from the vice-president of a large New York bank, Mr. Williams quoted this excerpt:

"To my mind, the motor truck industry, like our railroads, should receive most favorable consideration and every possible assistance, as they largely make up our inland transportation system and have much to do in solving our problems and a direct bearing in keeping our financial machinery in proper order."

Another New York banker summed up the question as follows:

"With the railroads facing a shortage of equipment and taking into consideration the fact that the truck offers

a haulage economy and touches many points off the usual main lines of transportation, thus being essential to food producers, one cannot doubt that the motor truck has won its place as a staple commodity and is a compelling factor in our transportation problems. In view of these facts it is difficult to see how the motor truck can be classed as a luxury."

Other bankers stated freely that the truck should be recognized as a necessary implement with which to do business, and that its purchase ought to be encouraged by bankers generally through proper extension of credit where it is applied for, and with the same liberality with which credit is granted to purchase other tools and implements.

"Naturally this is a question of the deepest interest to us," Mr. Williams concluded. "The need of more adequate transportation facilities is being felt as never before. While it is imperative that we develop our railways as rapidly as possible, more immediate relief must be obtained to cope with the existing freight tie-up."



# Banking and Financial Notes

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION

**WE** extend to banks and bankers a cordial invitation to utilize the complete financial service of this commercial bank—a service which is prompt, accurate, efficient, and characterized always by the spirit of friendly co-operation.

Officers of the Union Commerce National Bank will welcome correspondence with you in regard to your financial requirements.

The bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

**UNION COMMERCE**  
*National Bank*  
OF CLEVELAND



# Giving a Correspondent Really Personal Service in New York

**I**T is for you to say whether the service of your New York Banking Connection shall be mainly routine or truly personal and intimate.

The Bank of the Manhattan Company has always prided itself on a thorough knowledge of the local situation in which its correspondent operates.

This knowledge enables us to give to our correspondent the very comfortable assurance that we are at all times acting with full knowledge of the factors involved.

It enables us to give a *prompter* service than is usually offered.

It enables us often to give a more *liberal* service. We are never obliged to lean backward because of lack of precise information.

For 121 years the Bank of the Manhattan Company has been engaged in commercial and industrial banking. Its experience covers practically the entire period of American progress and finance.

The Bank of the Manhattan Company is big enough to provide you all the facilities of banking in New York.

Yet it is never so large as to lose sight of the value of a single account.

When we invite your correspondence, we do so knowing that we shall be able to give your business the personal understanding and attention of our Officers.

## Bank of the Manhattan Company

Established 1799

*40 Wall Street*

UPTOWN OFFICE:—31 Union Square, New York

OFFICES IN QUEENS BOROUGH:—Jamaica, Flushing, Long Island City, Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point, Woodhaven, Ridgewood, Fresh Pond

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**CAPITAL, \$5,000,000—SURPLUS and UNDIVIDED PROFITS, \$16,146,494.20**

# Review of the Month

## Trade Conditions Throughout the Country as Reflected in the Opinions of Banks and Bankers

**M**OST bankers seem to take a favorable view of the general business situation. "Three factors of vital trade importance," says the New England letter of the First National Bank of Boston, "each contributing to the soundness of the situation."

First, here and abroad the basic food crop reports promise large yields and well-distributed agricultural prosperity. The cotton crop has materially improved in condition and is likely to reach twelve and a half million bales.

Second, the Interstate Commerce Commission, by allowing a billion and a half dollars' increase in freight, passenger and Pullman rates, effective August 26, has placed our railroads in a position to repair the broken-down service and attract capital for much needed betterments. More and more it is being realized that our transportation system, starved to a point where it could not function, has been perhaps the greatest single factor restricting production and adding to the cost of living. In all directions business has been hampered by railroad congestion and ineffective operation. The coal problem, touching all industries, is primarily one of transportation, as is that of the iron and steel trade. This increase in rates, as the first step in rehabilitating our railroad system, may well be considered the most constructive trade influence of a generation.

The third factor which has gained momentum in the last six weeks is the increase in efficiency of labor, judged by the output per man-hour. The laying off of men by the Pennsylvania Railroad, by the Akron Tire factories and by many industries in New England and elsewhere has doubtless had an influence in persuading wage-earners that jobs are not necessarily permanent and that their individual best interests, as well as the welfare of the community, depend on more production per man-hour. In any event, evidence from all parts of the country is conclusive that without wage reductions and without longer work hours the actual labor cost per unit of production is decreasing.

The Irving National Bank of New York thus summarizes some of the good and bad spots in the business situation:

Business reports vary according to lines and territory considered. Numerous buyers visited the wholesale market in July, but the consensus is that they did more inquiring than buying. August trade has started slowly and fall business lacks both form and force. Notwithstanding purchases of job lots to fill out depleted lines and belated arrivals of goods delayed in shipment, the stocks of retailers must be growing smaller. However, fewer cancellations are noted and some reinstatements of cancelled lines are reported. The best trade reports come from west of the Mississippi, the big farming regions, though something like a shading of buying is noted in the Northwest, where there is talk of damage to spring wheat. Collections have dragged, ranging from slow to fair. A disposition to take full time instead of discounting bills is evident.

That deflation is progressing in an orderly way is the opinion of the Mechanics and Metals National Bank of New York, which says in a recent report:

The fact that bank credits continue extended, even though eight per cent. is the prevailing rate for commercial loans in New York, must not be construed as meaning that deflation is not going on. Deflation is progressing in an orderly way; manufacturers are conducting their affairs cautiously, and merchants are not inordinately building up their stocks. The recent occurrences in the wool, silk, leather, rubber and sugar trades, where prices fell more or less severely, have had their effect upon business sentiment, and credit is not being urgently sought, as it was a few months ago, for the purpose of expanding existing capacity. Rather, credit is being required for seasonal needs, and also to protect inventories and enable a gradual liquidation of stocks that are now on hand.

It has been suggested that if merchants would bring their inventories more in line with the demands of current business, tak-

ing losses boldly where necessary, they themselves will face the future in a far more comfortable position than if they refuse until the last moment to liquidate, and they will contribute materially to a strengthening of the country's banking situation.

This opinion is shared by the Federal Reserve Bank of New York which says:

Manufacturers and merchants have at last come to realize that the period of constant expansion of the past few years, based upon the constant increase of the buying power through credit expansion, should cease and that they should content themselves with a more stable and conservative volume of business. This realization has come simultaneously with the determination of consumers to combat high prices by reducing purchases. Nor is the movement confined to the United States. Credit pressure is being exerted by the responsible agencies all over the world, and the consumers' reaction against high prices is world-wide as well.

#### RAILROAD RATES

Will increased freight rates tend to increase living costs? Charles A. Hinsch, president of the Fifth-third National Bank of Cincinnati, thinks not and is quoted in a newspaper interview as saying:

At first blush it would seem that an average increase of 35 per cent. in freight rates would of necessity materially increase the cost of living, but a careful consideration of the situation will show conclusively that in the final analysis the advance in freight rates will have just the reverse effect.

This opinion is shared by the National Bank of Commerce in New York which says:

The necessity for an advance in railroad rates had long been beyond argument, but even among those who regarded this advance as necessary there had been a considerable doubt as to the effect upon prices of products which move on a tonnage basis. Temporarily the effect of these rate advances will be reflected in prices of bulky articles, although there should be little or no reflection in prices of articles the value of which is relatively high in relation to weight. Certain offsetting circumstances are

not to be ignored, however. As long as the railroads were unable adequately to expand their facilities to handle the freight offered to them, business in all lines suffered under a most serious handicap because of hampered transportation. In some cases this has been reflected violently in prices. If the rate advances enable the railroads to build up their plant and equipment sufficiently to handle freight, expansion of production in all lines will become possible, and the friction involved in the present process of distribution will be eliminated. It will take a considerable time to reach this result, but when it is attained the final effect of increased rates will be to lower prices.

"But even granting that the entire amount is passed on to the consuming public, the effect on the prices of most articles entering into ordinary consumption need not cause great apprehension," is the opinion of the First Wisconsin National Bank of Milwaukee, Wis., which thinks that, "if as a result of rate increases, railway service improves and the galling conditions of the last few months disappear, most people will be willing to pay all it costs."

#### EFFICIENCY OF LABOR

Two opposite views on the efficiency of labor are presented in the August number of "The Index," published by the Liberty National Bank of New York as follows:

Contrary to the impression prevailing generally among employers, the findings of the Industrial Bureau of the Merchants' Association of New York, as a result of a recent investigation, are to the effect that there has been in the past nine months a notable increase in efficiency.

In September, 1919, as a result of a similar investigation, it was reported that in general labor was not more than 70 per cent. efficient.

Of forty-nine reports received in this year's investigation, representing forty industries, twenty-three are to the effect that the efficiency of employees has increased noticeably; only three report a decrease of efficiency, while seventeen have observed no change. It is admitted, in spite of this optimistic showing, that production per man per hour is still below normal.

The chairman of the United States Steel Corporation, on the eve of his recent de-

# The Chemical National Bank of New York

FOUNDED 1824

Capital . . . . . \$ 4,500,000  
 Surplus and Profits . . . . . 14,500,000  
 Total Resources . . . . . 225,000,000

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parture for Europe, stated in a newspaper interview that there was noteworthy increase in efficiency among steel workers.

On the other side, and, it is believed, conforming to the experience of most employers, are the figures recently given by a vice-president of the Pennsylvania Railroad to the effect that while total freight and passenger traffic on that road had increased 18 per cent, to handle it required 31 per cent. more men and 129 per cent. more dollars in wages. In car repairs there has been a reduction of 34 per cent. (as compared to 1915) in the production per man per hour, while the efficiency of track labor has decreased more than 40 per cent.

### THE CROP OUTLOOK

Crop prospects are greatly improved over earlier expectations. The Continental and Commercial National Bank of Chicago in its annual compilation of crop reports says that "production of important crops will exceed that of last season, with the exception of wheat; the aggregate production will be in excess of all domestic demands."

The estimated yields as compiled by this bank are as follows:

	1920 Bushels	1919 Bushels
Corn .....	3,055,427,000	2,917,450,000
Oats .....	1,433,007,000	1,248,310,000
Winter Wheat...	558,791,000	731,636,000
Spring Wheat....	275,956,000	209,351,000
All Wheat.....	834,747,000	940,987,000
Barley .....	188,416,000	165,719,000
Rye .....	88,425,000	88,478,000
Potatoes .....	394,512,000	357,901,000
Hay (tons).....	83,209,000	91,326,000
Cotton (bales)...	13,229,000	11,030,000

Says the American National Bank of San Francisco on this subject:

The most promising factor in the present situation is the crop outlook, which is reported in rosetate terms by the Department of Agriculture. The forecast on August 1 was for a 3,000,000,000-bushel crop of corn; 800,000,000 bushels of wheat, and 1,400,000,000 bushels of oats. Whether considered from the standpoint of quantity or of monetary value, the agricultural yield in every direction will be very great, and the spend-

ing power of the farmers enormous. It is difficult to conceive of really hard times if these expectations are realized.

That ample funds will be forthcoming to move these crops is the opinion of William A. Law, president of the First National Bank of Philadelphia, who says:

While the aggregate volume of farm products is enormous, in our opinion there need be no anxiety regarding the supply of funds with which to move these immense crops. Whatever is required can be furnished by the machinery of the Federal Reserve System. We must not forget that the comfortable financial position of the farmers in all sections today will enable them to market their crops gradually without the pressure of maturing obligations usual in the past. The increasing number of country banks and of bank accounts enjoyed by farmers greatly reduces the volume of cash needed for crop moving. Diffusion of wealth has been an important factor making for the creation of a vigorous public sentiment of the sort which may be relied upon to make men think straight in solving the problems ahead.

#### THE TARIFF AGAIN

Will the tariff again become a political issue? In view of the presidential campaign the following opinion of the American Exchange National Bank of New York is interesting:

Renewed interest in the question of a protective tariff indicates that some parts of Europe at least are beginning to function again. As long as world conditions made the tariff a more or less academic question we heard very little about it. Now, it seems, the political campaign and an increased flow of manufactured goods in this direction promise between them to develop it into an issue. A revival of proposals for a protective tariff will undoubtedly result in important new political alignments. All of those who favored a protective tariff in 1900 will not espouse it today. The world has turned around since then, and where once there was solidarity on a question of the tariff there is now division. Then we were a debtor nation and had nothing to lose by shutting out foreign goods. Now we are a creditor nation and have everything to lose by shutting them out. In addition to putting our industries on their feet and raising them from infants to giants, the tariffs of 1900 and before probably enabled us to pay off our

trade balances without serious harm to our monetary system. We derived innumerable advantages then, but now many believe that we will be injured more than we will be helped if we go back to the principle of protection. Europe owes us about \$14,000,000,000 and may owe us a great deal more before she gets back on her feet. There are only two ways to pay world trade balances—in goods and in gold. There is only about \$7,000,000,000 monetary gold in the world and we hold more than a third of that, so we cannot be paid in gold. If we shut off the flow of goods from Europe to this country exchange would go to even lower levels, and we would automatically shut our own goods out of European markets, and, more important still, we would never get the money Europe already owes us.

#### THE BOND MARKET

The National City Bank of Chicago sees a tendency on the part of the small investor to enter the bond market.

The American people are abandoning speculation for investment. They are avoiding risks and seeking to capitalize the profits of the war period. This explains the much better inquiry for really safe investment securities. The bond market is largely in the hands of investors with incomes of less than \$25,000 a year. The very rich man has been forced to stay out of the bond market because of the exceptional burdens to which his income is exposed under the tax laws now in force. But the twenty-million of large and small investors, whose purchases of Liberty bonds during the world war period showed them for the first time the convenience of bond investments, are all potential buyers of high-grade bonds today. These people are buying bonds and notes, as well as seasoned preferred stocks, in large volume. It is their support which is sustaining the bond market and causing many neglected railroad bonds to advance in price. This inquiry may be expected to become much more of a factor when the money market is easier and the heavy corporation borrowings of the autumn have been provided for. There is a large unemployed fund in the hands of investors which will be augmented next month when the disbursements of fully \$125,000,000 in dividend and interest payments is effected.

#### FOREIGN COMMERCE

Our foreign trade figures are summarized as follows in the September



## Dependability in Banking Service

Dependability in banking service has always been the one recognized important factor that is demanded by the depositor of a bank in handling his funds and business problems of a financial nature.

In making your banking connection it should be done with the greatest care, and with consideration of the record and standing of the institution which invites your business, as well as the service it is able to render you.

With a record of thirty-seven years of practical banking, with resources of more than seventy million dollars,—we offer you a banking service that is broad and comprehensive in its scope and especially adapted to meet your every particular financial requirement.

## The Seaboard National Bank of the City of New York

Capital, Surplus and Profits over Five Millions

trade letter of the Franklin National Bank of Philadelphia:

Exports of merchandise during June were valued at \$631,000,000, compared with \$746,000,000 the previous month, and \$928,000,000 in June of last year. Imports were \$553,000,000, compared with \$431,000,000 the previous month and \$293,000,000 in June, 1919, leaving a balance of trade in our favor of only \$78,000,000, which compares with \$315,000,000 the previous month and more than \$635,000,000 in June a year ago. June of last year stands as the high month on merchandise exports and favorable balance of trade, while March, 1920, set the high record for merchandise imports. June imports, as compared with the same month of last year, showed tremendous gains in foodstuffs and partly and wholly manufactured merchandise, while the division showing the greatest decline in exports was foodstuffs, the total being \$92,000,000 compared with \$275,000,000 for the same month of 1919. For the twelve months ending with June, imports showed a gain of over two billion dollars, the total being \$5,239,000,000, compared with \$3,096,000,000 for the previous fiscal year. Exports for the twelve months were \$7,950,-

000,000, compared with \$7,081,000,000 for the preceding fiscal year. During the twelve months our imports from Europe amounted to \$1,179,000,000, compared with \$1,053,000,000 for the preceding fiscal year. Imports from Belgium increased from practically nothing to \$30,000,000; Denmark, from \$2,000,000 to \$14,000,000; France, from \$63,000,000 to \$172,000,000; Germany, from \$1,000,000 to \$45,000,000; Italy, from \$32,000,000 to \$92,000,000; United Kingdom, from \$157,000,000 to \$524,000,000, and Japan, from \$304,000,000 to \$527,000,000.

### THE CANDY INDUSTRY

Hollister, White & Company, New York, in their monthly review take occasion to point out the present situation of the candy industry:

The splendid prospects in store for the candy industry and its associated industries, chocolate and cocoa, have been attracting nation-wide attention. The coming of Prohibition marked a new phase in the industry. It was freely predicted that candy would come into favor as a substitute for alcoholic drinks, and the prediction has been

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fully borne out by the marked increase in the consumption of sweets. The industry has been further stimulated by the entry of a great number of women into our business life during the past few years. Women have always been the best patrons of the candy stores, and the high wages they have been receiving have enabled them to satisfy their craving for candy to the fullest extent. Since the war, numerous new candy stores have sprung up in the business districts where women employees are numerous, while long-established stores report record-breaking sales. Another factor aiding the growth of the business is the candy-eating habits formed by our soldiers in France. Deprived of sweetened foods, the soldiers had a constant craving for candy, and acquired a liking for sweets which has not vanished on their return to civil life.

The great expansion of the industry is illustrated by the increase from an estimated consumption of eight pounds per capita, or 800,000,000 pounds, in 1916 to over ten pounds per capita, or a total in excess of 1,100,000,000 pounds, in 1919. For the year 1920, the candy bill of the whole

United States is placed at the enormous sum of \$1,000,000,000.

#### TAKING CARE OF THE COMMUNITY

At the annual convention of the Minnesota Bankers Association, President M. J. Dowling of Olivia had the following to say about the duty of bankers to look out for their own community first:

Let us as bankers, instead of leaning upon the city correspondent if we are a country banker, or leaning upon the Federal Reserve Bank if we are a city bank, let us organize ourselves into a committee of one in each bank, take invoice of the conditions that need financial assistance in our own communities, then shut our eyes to all other chances to make money and first take care of our own community and build it up to the point where our people will be reaching out and coming to us for more money to finance the affairs of our own community. Then we will find that when conditions like the present begin to creep over us like a sort of a national financial paralysis, that the blood of our own community is flowing

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City of New York, Borough of Brooklyn

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freely and that our activities are not stunted and that there is no fear in the heart of the local banker because he has no strings to pull in. He can then truly say that he is not helping out some oil scheme in Texas, or some fruit scheme in Vermont, or some land scheme in Alberta, but he is helping the old-fashioned town in which he lives to become a new-fashioned town, standing on its own bottom and leaning against no one for support.

## WHY LAND BANKS QUIT

The bulletin of the Farm Mortgage Bankers Association of America gives the following explanation of why the Federal Land Banks have gone out of business:

Interest rates are higher now than a year ago. Federal Land Banks claim that interest has gone up because they have gone out of business. They mistake the effect for the cause. An analysis of the situation shows that it is more nearly correct to say that the land banks went out of business because the interest rates went up. When the United States Government, with all of the natural resources behind its obligations, is compelled to pay 6 per cent., it is not to be expected that Federal Land Banks could borrow at  $4\frac{1}{2}$  per cent. When the land banks could no longer sell bonds to the public at  $4\frac{1}{2}$  per cent., a kind-hearted congress went to their rescue with cash from the public treasury.

The failure of the Supreme Court to confirm the validity of the tax exemption privilege of the bonds had a bad effect on the

market, but if the court had decided in their favor they could not have been sold in quantities large enough to continue the banks in business.

With railroad and industrial securities and commercial paper yielding 7 per cent. to 9 per cent., no investors except rich tax dodgers could afford to buy Federal Land Bank  $4\frac{1}{2}$  per cent. bonds.

## FREIGHT PRIORITIES FOR BUILDING MATERIALS

The Guaranty Trust Company of New York does not believe that high prices and the credit stringency are the sole reasons for the tardiness in building operations but that the transportation tangle is the primary cause of the decline. "In some localities," it states in a recent bulletin, "there is a general dearth of available building materials."

It seems that the urgency of the need for new building would warrant a system of freight priorities which would serve to increase activity in this essential industry. The problem of priorities is, of course, a very complex one; with so many essential businesses in need of every assistance, not one of them can be favored directly by freight preference or indirectly by embargoes without, at the same time, handicapping some other enterprise. But if any claim for special treatment is warranted under the present conditions, apparently building materials are well toward the head of the list of commodities for which such claims may rightly be made.



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In banks Noise frequently is the greatest cause of fatigue. "NO-NOIS" Treatment reduces noise

70 to 80%; improves the physical and mental fitness of the personnel, and a noticeable reduction in the percentage of errors is the result.

One of our clients wrote us as follows:

"I could not over-estimate the value of this change and much to my surprise, I find a marked improvement in the efficiency of our employees. Personally, I find that I am not tired at the close of business and during the day can concentrate and accomplish more work."

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## ECONOMIC CONDITIONS IN THE EASTERN STATES

**T**HE financial center of the United States has recently received a shock quite different from the numerous ones of a financial character, experienced in its long history. On September 16 an explosion occurred, which seriously damaged several buildings in the vicinity of Wall and Broad Streets, caused a number of deaths and injuries to many other persons.

This startling episode at once set people to thinking very seriously as to the attitude of large numbers of our people toward existing institutions—the capitalistic system in particular—for it was at once concluded that the explosion was due to the activities of those who are opposed to this system, and who wished to exhibit their opposition by an attack upon the very citadel of capitalism.

Business throughout the country, as viewed from this locality, appears to be slowing down. Reduction of building activity, in the face of extraordinary demands, a falling off in bank clearings, increase of commercial failures, cancellation of orders and indisposition to buy ahead in view of future price uncertainty are some of the outstanding features of the situation. Prices are down a little already in some lines, but the expectation of a further decline, quite marked in extent, still retards future buying. How far this attitude is justified is at least a debatable question. Certainly labor shows no indication of being willing to accept any reduction in its income; on the contrary, in several lines of production quite substantial advances in wages have been made of late. The reduction in price, therefore, must come from a decline in materials or from a willingness of producers and sellers to be satisfied with lessened profits. A few raw materials have fallen, though nothing like a general decline has yet set in. Some manufacturers, too, have read the signs of the time and have made reductions of price without much respect to the cost of their raw materials and with no disposition to reduce wages. Such a disposition may be imitated by a few very

large concerns whose continued successful existence depends upon the conciliation of public sentiment, but the majority of producers and distributors will no doubt cling to a maximum rate of profit as long as possible.

The credit situation remains in a state of considerable tension, and for some time in the future higher rates for credit and capital may be expected to rule much higher than for a number of years past.

Although the curtailment of the automobile industry has caused some falling off in the demand for finished steel, the iron industry continues quite active.

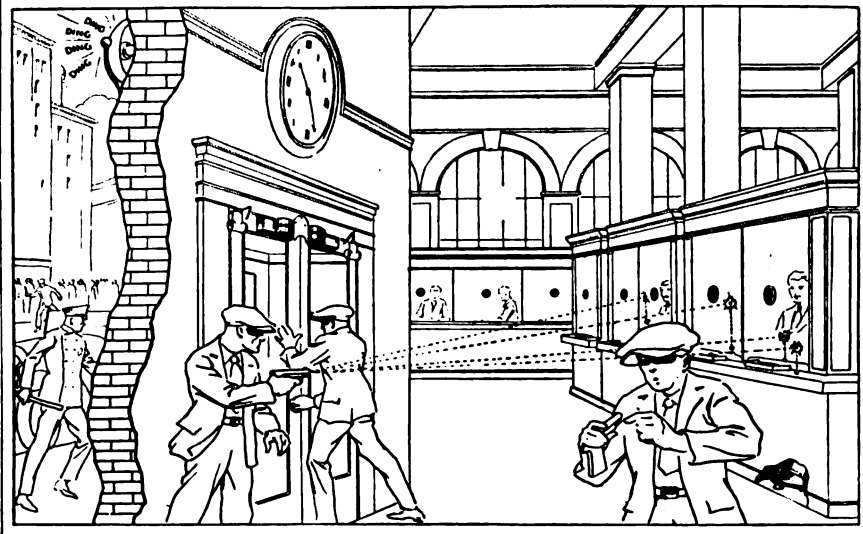
A record corn crop, as indicated by the government's forecast on September 1, is regarded in this section as an exceptionally favorable omen, for as corn is not only valuable as a salable product but as furnishing the means of enlarged meat production, a big corn crop is considered as a most important factor in the future business situation of the country.



## LINCOLN BANK VOTES FOR IRVING MERGER

The merger of the Lincoln National Bank with the Irving National Bank, which has been rumored for some time, was verified last month by Colonel Charles E. Warren, president of the first named institution. Two-thirds of the Lincoln stockholders have approved an offer made by Irving interests of \$440 a share for their stock, and the consolidation is assured. In a statement issued at the time Colonel Warren, who will become a member of the Irving National board and will be vice-president of the Lincoln, said in part:

"After thirty-nine years of service to the district surrounding the Grand Central Terminal, the recent remarkable development of the neighborhood has opened to the bank possibilities of broader activities which only great banking resources and worldwide connections can satisfy. Expansion rapid enough to meet the situation can be

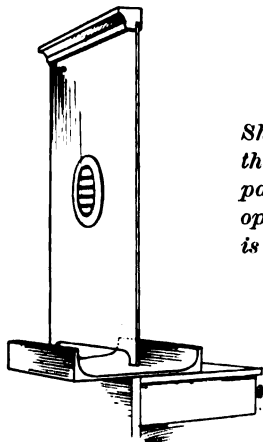


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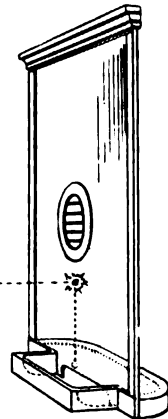
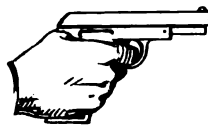
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*Bullet Proof Protecto glass partition and Safetee money passage*

effected in no other way than by securing as an ally, or partner, a bank possessing resources with both unlimited American and foreign facilities equal to the opportunities and growing service demands of the Forty-second Street business community. In the Irving National Bank we have found this and more, and the merger is assured.

"Balancing these advantages to the Lincoln Bank and its customers, the Irving National Bank secures a district office at the very centre of the neighborhood's business, and at the focus of the city's suburban, subway and through railroad traffic. This is in accord with the Irving's policy of carrying its banking facilities, wherever possible, right to the depositor's door. There will be no important changes in the Lincoln organization. Some specialists will be added to our personnel perhaps, but in the main, our staff will remain as it is.

"The Lincoln, known as 'The Vanderbilt Bank,' has a long and honorable history. Its first and only president, prior to the present administration, was General Thomas L. James, who resigned a Cabinet position to guide and direct its beginnings. On its early board of directors were William R. Grace, Mayor of the city, John W. Harper, of Harper Brothers, Matthew C. D. Borden, of The American Print Works, Dr. William Seward Webb, William D. Sloane, Frederick W. Vanderbilt, William K. Vanderbilt, Jr., James Stillman, William Rockefeller, Marcellus Hartley, Alfred Van Santvoord and Eben E. Olcott.

"When we opened for business, Jan. 12, 1882, we had a capital of \$300,000, and our first statement of condition showed deposits of \$446,000. At the last call of the Controller of the Currency as of June 30, our capital, surplus and undivided profits amounted to more than \$3,100,000, our deposits to more than \$25,000,000, while our total resources were in excess of \$38,000,000. Resources of even \$38,000,000, however, are not large enough to match in scale the present business of the new Grand Central expansion."

#### OPPORTUNITY FOR BANK EDUCATION

The Wall Street division of New York University, School of Commerce, entered upon its seventh year on September 21 with the beginning of the fall term. The rapid extension of the school in the fields of banking, finance, foreign trade and shipping has been marked by an increase in the number of students from less than 200 in 1914 to

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**A. J. ALLARD, Asst. Cashier**  
**G. H. BANGERT, Asst. Cashier**  
**GEO. ULRICH, Asst. Cashier**  
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over 2,000 in 1919. For the coming year there will be a program of 50 courses giving instruction in accounting, economics, banking, finance, business English, foreign languages, commercial law, shipping and insurance, investments, foreign trade and exchange, business statistics, brokerage and a number of other special topics. The classes, all of which are conducted after business hours, will be held in the University Building at 90 Trinity Place.

### INDUSTRIAL FINANCE CORPORATION

Gen. Coleman du Pont, president of the Industrial Finance Corporation, has announced that the executive committee has appointed vice-president T. P. Junkin, formerly in charge of the department of operation, as general manager. Arthur J. Morris, founder of the Morris Plan system and vice-president and general counsel of the Industrial Finance Corporation, is relieved of responsibility for executive and administrative details, and will hereafter give

his undivided attention to the corporation's financial problems, and the further development of the system, which now includes over 100 banks operating in all parts of the country.

### IRVING STOCK FOR BANK'S EMPLOYEES

Details of the plan by which Irving National Bank employees are to be permitted to buy nearly 5,000 shares of the bank's stock at \$100 a share—less than half its current market value—and thus become partners in the business, were made known recently in a letter which the president of that institution sent to more than 1,700 persons eligible to subscribe.

Under the terms of sale the purchasers will pay for the stock in small monthly installments, dividends earned by the stock during the period being applied to the purchase account. The plan puts a premium on continuity of service, as anyone who leaves the bank before his stock has been paid for must surrender his subscription, while the money he has paid in is returned to him with interest. The subscription is open to every person who was in the bank's service on June 1, this year, except those who are also members of the board of directors.

Announcement that the Irving proposed to take in members of the staff as shareholders was made in June, when the bank took steps to increase its capital stock from \$9,000,000 to \$12,500,000. Of the \$3,500,000 issue, shareholders were asked to waive their rights to \$500,000 par value of stock in order that Irving men and women might secure a personal interest in the business. The amount of stock for which individuals will be allowed to subscribe is apportioned on a salary basis.

Any purchaser may cancel his or her subscription. In such case, when the money paid in is returned, interest will be added at the rate of 6 per cent. for the time it has been in the bank's possession. When the purchase has been completed a stock certificate will be issued and the shares become the absolute property of the subscriber. If requested, the bank will act as custodian of the certificate without charge.

Should a subscriber die, his estate will have the option, to be exercised within six months, of paying in full the balance due on the subscription and receiving the stock certificate. If the option is not exercised the bank will pay to the estate the full amount, with interest, standing to the credit of the subscription account.





## Figures Speak the Banker's Language

To the trained eyes of the banker, each successive statement of condition is a story with vital significance. Our Clients have but to glance at recent statements to know what The

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## The Collins Service

PHILADELPHIA      PENNSYLVANIA

### CHASE NATIONAL BANK DIVIDEND

The board of directors of the Chase National Bank has declared a quarterly dividend of 4 per cent. on the capital stock, payable October 1, to stockholders of record on September 23.

### BANK OF UNITED STATES TO HAVE NEW BRANCH

A third branch of the Bank of United States will be opened about January 1, 1921. The bank has acquired the property at the corner of Freeman Street and Southern Boulevard in the Bronx.

### NEW CASHIER OF COLUMBIA BANK

Guernsey R. Jewett, formerly in charge of the New York office of the State Banking Department, has been elected cashier of the Columbia Bank. He succeeds Walter S. Griffith, who resigned September 1, after serving thirty years in that position. Mr. Griffith was presented with a loving cup by the employees of the bank.

### WILL ALTER BANK BUILDING

The building at 38 Wall Street, purchased in June, 1919, by the Merchants' Bank of

Canada, is to be completely remodelled and used as the quarters for banking establishments. This property, which adjoins the Manhattan Building, and which is six stories in height, is now to be changed over at a cost of \$50,000.

### OPENS NEW VAULTS

The vaults of the Safe Deposit Company of the New York Trust Company at Fifth Avenue and 57th Street, New York, were opened on September 18. An article descriptive of these vaults will appear in an early issue of *THE BANKERS MAGAZINE*.

### J. W. POTTER BECOMES DIRECTOR

At a regular meeting of the board of directors of the Italian Discount and Trust Company held September 8, Julian W. Potter, vice-president, was elected a director of the company and a member of the executive committee of the board.

### GUARANTY APPOINTMENT

Burnett Walker, who for a number of years has been associated with Harris, Forbes & Company, has joined the bond department of the Guaranty Trust Com-

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pany. Mr. Walker has been active in legislative and taxation matters for the Investment Bankers Association since its organization and in recent years has been actively interested in foreign financing. He will become a vice-president of the Guaranty Company of New York when the business of the bond department of the Trust Company is taken over by the new company about October 1. During the last three months Mr. Walker has been traveling extensively throughout the United States and Alaska.

### J. H. BRENNEN WINS TROPHY

John H. Brennen, assistant cashier of the Atlantic National Bank, New York, won the trophy offered by the National Asso-



Trophy won by J. H. Brennen of the National Association of Credit Men

ciation of Credit Men in their recent nationwide drive for new members. The trophy was offered for the man obtaining the

greatest number of new members in the United States. Members acceptable must be well rated firms, and Mr. Brennen obtained 103, an exceptional achievement. Mr. Brennen also won the New York City drive coincident with the national effort. The National Association now has over 40,000 members.

### VERE C. BROWN JOINS NATIONAL CITY BANK

The directors of the National City Bank elected Vere C. Brown, formerly western superintendent of the Canadian Bank of Commerce, an executive manager of the institution, thereby increasing the board of executive managers to four members. John H. Fulton remains general executive manager and the others are Charles V. Rich and W. A. Simonson.

Mr. Brown has had more than thirty years of banking experience. He entered the service of the Canadian Bank of Commerce in 1889 and was appointed secretary in 1895, assistant inspector in 1899, inspector in 1903, chief inspector in 1907 and superintendent of central western branches in 1911. In his capacity of western superintendent he had charge of some 200 of the bank's 500 branches. He also served

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Capital ..... \$50,000.00

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Profits ..... 163,720.00

Deposits ..... 1,972,270.00

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E. S. Campbell, Vice-Pres.

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Collections solicited. Remittance on day of payment at lowest rates. Send us your business.

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# Union National Bank

## PHILADELPHIA

*Resources over . . . . \$25,000,000*

in recent years as a member of the Canadian Bank of Commerce's committee of executive managers.

The City Bank's board of directors have voted to change the regular dividend of the institution from two and one-half per cent. quarterly to four per cent. quarterly. As against the two and one-half per cent. extra quarterly which the bank had been paying, an extra of one per cent. was voted, thus leaving virtually unchanged the disbursement, but altering the regular dividend from ten per cent. per annum to sixteen per cent. per annum, and reducing the extra from the rate of 10 per cent. to the rate of four per cent. The new dividends are payable on the recently increased capital of \$40,000,000.

The directors of the National City Company at the same time voted to change their dividend from three per cent. semi-annually to two per cent. quarterly, thus raising their annual rate from six per cent. to eight per cent. and making their divided dates conform with those of the National City Bank. This, in effect, adds two per cent. a year to the return on City Bank stock, as holders of that security have a pro rata interest in the City Company, whose

capital is one-fourth that of the National City Bank.

### PARK-UNION INCREASES CAPITAL

The Park-Union Foreign Banking Corporation has increased its capital stock from \$2,000,000 to \$4,000,000, fully paid, and its surplus from \$250,000 to \$500,000, making surplus and undivided profits \$754,000.

### EQUITABLE TRUST DIVIDEND

The board of trustees of the Equitable Trust Company of New York has declared a quarterly dividend of four per cent., payable September 30 to stockholders of record September 22.

### CHATHAM AND PHENIX NATIONAL BANK

A quarterly regular of four per cent. upon the capital stock, payable October 1, 1920, to shareholders of record at close of business September 18, 1920, has been declared by the board of directors of the Chatham and Phenix Bank.

In its statement of condition as of the close of business September 8, 1920, the

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Chatham and Phenix National Bank, of New York, shows total resources of \$171,693,-997.73, deposits of \$194,619,712.53, and loans and discounts of \$113,500,119.03.

### PHILADELPHIA BANKERS IN GOLF TOURNAMENT

The first annual golf tournament of the Bank Officers' Club, of Philadelphia, was held September 15, on the East Course of

the Merion Cricket Club. Practically all the large banks of Philadelphia were represented among the twenty-four contestants.

The silver cup, offered by Joseph Wayne, Jr., president, Girard National Bank, for the lowest net score, was won by Ira W. Barnes, president, Ninth National Bank, with a net score of 71. Frank M. Hardt, vice-president, Philadelphia Trust Co., was second with 77; J. S. McCulloch, president, Union National Bank, was third with 79. The Merion East Course is one of the most difficult courses in the United States and Mr. Barnes played most excellent golf.

Dinner was served at the Golf Club House of the Merion Cricket Club and arrangements were made to make the club a permanent organization.

### JERSEY BANKS SHOW GAIN

Total resources of trust companies, savings banks and State banks under the jurisdiction of the State Department of Banking and Insurance totaled \$848,936,680 on June 30 of this year. This was an increase of \$114,135,861 over the total on June 30, 1919.

The resources of the trust companies increased \$83,557,297, those of the savings banks \$21,148,343, and those of the State banks \$9,430,221. Deposits of State institutions amounted last June to \$741,644,304, an increase of \$117,733,711 during the year. Deposits of trust companies on June 30 last were \$504,765,758, an increase of \$89,497,825. Savings banks had deposits of \$193,621,135, an increase of \$19,265,302. Deposits of State banks amounted to \$43,-837,411, an increase of \$8,970,584.

### TWO OF BUFFALO'S BANKING INSTITUTIONS NOW MERGED

By the announced merger, Buffalo's two largest financial institutions in point of

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Telephone—Vanderbilt 1908

capital and surplus will be combined into one. The capital stock of the new institution will be \$10,000,000.00. It will have deposits of nearly \$100,000,000.00 and total resources of nearly \$150,000,000.00. It will, therefore, be able to meet the largest financial requirements not only of the city of Buffalo, but of the entire section. In point of capital and surplus, it will rank high among the trust companies of the United States.

Walter P. Cooke heads the merged institution as chairman of the board of directors, John H. Lascelles, chairman of the advisory board, and Elliott C. McDougal, president. Mr. McDougal will have his office at the Head Office.

## LIBERTY NATIONAL INSURES EMPLOYEES

A group life insurance for the benefit of its officers and employees has been adopted by the Liberty National Bank of Buffalo. All officers are to be insured for the maximum sum of \$2,500 and employees according to length of service with the bank, \$500 for less than one year, \$600 for two years,

\$700 for three years, \$1,000 for five years, and \$2,500 for 20 years or more.

## ENLARGED QUARTERS FOR ALBANY BANK

Five houses have been purchased by the National Bank and Trust Company of Albany for the purpose of enlarging its quarters. Two of these are to be remodeled into one high-ceilinged room where the tellers and clerk cages will be arranged on three sides of the room with a rotunda in the center. Work on the improvements will commence at once and the new offices are expected to be occupied in December.

## DELAWARE BANKS PROSPEROUS

The prosperity of Delaware banks is shown by the figures made public by George L. Medill, state banking commissioner. Bank assets were increased \$8,100,000 for the year ending June 30, 1920. The total assets in banking institutions at that date amounted to \$84,350,000 as against \$75,141,294 the year before. The statement includes national and state banks, trust companies and savings funds. The savings ac-

**WEBSTER  
AND  
ATLAS  
NATIONAL BANK  
OF BOSTON**

**For Boston Notes  
and Drafts**

We will render Prompt  
and Economical Service,  
thoroughly satisfactory  
to you, and what is most  
important,

**Pleasing to your depositors.**

**Credit Service**

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

**A Strong Bank of Dependable Service**

ESTABLISHED 1833

<b>Capital, Surplus and Profits</b>	. . .	<b>\$2,700,000</b>
<b>Average Deposits, about</b>	. . .	<b>12,000,000</b>

*President*  
**AMORY ELIOT**

*Vice-Presidents*  
**RAYMOND B. COX  
EDWARD M. HOWLAND  
JOSEPH L. FOSTER**

*Cashier*  
**JOSEPH L. FOSTER**

counts, \$30,256,000, fall a little short of the demand deposits, which are placed at \$36,250,000.

**STATE BANKING DEPARTMENT  
RULING**

When national banks qualify to do a fiduciary business in Pennsylvania, they accept the act of 1889, which provides that such institutions shall keep all trust funds and investments separate and apart from the assets of the companies, is a ruling by Deputy Attorney General B. J. Meyer, in an opinion to Commissioner of Banking John S. Fisher. Mr. Meyers held that they can not deposit uninvested trust funds in their own institutions by virtue of an amended section of the Federal Reserve Act, and that if a national bank refuses to comply with the state requirements in such matters, the commissioner of banking may compel it to do so, even to the extent of proceeding by injunction to restrain it from engaging in fiduciary business until it complies with the regulations of the state department of banking. Under a decision by Chief Justice White, says Mr. Meyers, a national

bank so engaged comes under state supervision, as far as fiduciary business is concerned, and therefore in Pennsylvania must comply with Pennsylvania regulations.

**PITTSBURGH BANK TO HAVE NEW  
TRUST DEPARTMENT**

A new trust department under authority of the Federal Reserve Board is to be opened by the First National Bank of Pittsburgh. The new department will be conveniently located on the second floor. Officers have not yet been elected, but the personnel will shortly be announced.

**GIRARD NATIONAL BANK**

The report of the condition of the Girard National Bank at the close of business on September 8 shows total resources of \$94,108,950; loans and investments, \$66,882,937; due from banks, \$13,869,827, and cash and reserve, \$5,564,904. The net surplus and profits are \$7,183,050; deposits, \$63,761,142, and loans on government securities, \$7,374,462. Capital, \$2,000,000.

# New England States

## THE COAL SITUATION IN NEW ENGLAND

**T**HE serious coal situation now confronting the entire country serves to emphasize the importance of the passage, after ten years effort, of the National Water Power Bill," is the opinion expressed by William A. Gaston, chairman of the board of the National Shawmut Bank of Boston, during a discussion of the effect of the coal shortage on New England industries. "It is distinctly encouraging," he said "that a survey has already been started to study the possibilities of establishing a general system for the generation and distribution of hydro-electrical power throughout the industrial zone between Boston and Washington, D. C."

"Although our water powers represent a natural asset of enormous value," said Mr. Gaston, "it remained for the extraordinary demands of the war and the subsequent disarrangement of transportation to make us realize the folly of our continued neglect of water power as an adjunct to coal as a source of power. Every horse power unit of industrial energy now going to waste through unused water power, would, if substituted for steam power, contribute in a practical way toward a solution of our present fuel problem. In our neglect to develop water power we have shown an amazing disregard of the necessity for affecting economies and securing every advantage of our resources for meeting industrial competition."

The effect of the coal shortage on New England, Mr. Gaston pointed out, may force her to undertake the development of her idle water power. "The dependence of New England upon industrial development," he said, "makes the question of power of vital importance. Water power represents the one great natural resource with which New England has been favored. A recent report says that the rivers and streams of this section are capable of developing more than 2,000,000 horse power. There is now going to waste in Maine an amount of power which, if employed, would permit Maine to become one of the lead-

ing industrial states. The signing of the water power bill makes possible the immediate development of hydro-electric projects which would add 30,000 horse power to the resources of Massachusetts and Connecticut; projects which had been held up by Federal control of navigable waters. The serious position into which new England industries have been forced by the coal situation is aggravated by increasing fuel demands of public utility corporation."

"It is impossible that New England can compete successfully with other manufacturing districts throughout the world if her efforts toward development are to be handicapped by a constantly increasing cost of power for the operation of her industries. Hydro-electric power development offers a solution of her present problem. Through its development New England may in a large measure free herself from the effects of coal shortage and increased prices, inadequate transportation facilities, and embargoes. It requires that there be applied to the question of utilizing the water power resources of New England the same foresight which New England manufacturers of the past demonstrated in the development of the great industries built up along the banks of the Merrimac and Nashua rivers."



## TREMONT TRUST CO., BOSTON TO BUILD

The Tremont Trust Co. of Boston is planning to erect a large twelve-story building on Court Street, adjoining its present

### Park Trust Company

Park Building, 511 Main Street  
WORCESTER, MASS.

Capital ..... \$300,000  
Surplus and Earnings ..... 170,530  
Ralph H. Mann, President  
J. Lewis Ellsworth, Vice-Pres. and Treas.  
George E. Duffy, Vice-President.  
Frederick J. Bye, Assistant Treasurer.  
Send us your Massachusetts collections.



## **Deposit-Building Service for Banks**

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

## **The Merchants National Bank of Boston**

quarters. The extensive ground floor of the new building will be occupied by the commercial banking and foreign departments, while the present building will be used for the savings department. The new

quarters will be modern and complete in every respect.

### **INVESTMENT BANKERS CONVENTION**

The Ninth Annual Convention of the Investment Bankers Association of America will convene in Boston, October 4, 5 and 6, 1920. Headquarters will be established at the Copley-Plaza, on Thursday, September 30, where the convention will be held.

### **NEW PRESIDENT FOR WORCESTER BANK**

Frederick B. Washburn, formerly president of the Franklin Savings Bank of Boston and last year elected president of the Massachusetts Bankers Association, has been chosen president of the Mechanics National Bank at Worcester, Mass. He succeeds F. H. Dewey, who has been president for the last thirty-two years. Mr. Washburn has been president of the Worcester Five Cent Savings Bank and of the Worcester Morris Plan Bank several years ago. He is also a director of the Mutual Life Assurance Company.

### **AMERICAN WOOLEN CO. MILLS RESUME WORK**

The mills of the American Woolen Co. numbering fifty-four and employing about 30,000 operatives, resumed work during the latter part of September. About half of the mills are at Lawrence, Mass. The wage scale will be the same as when the mills were forced to shut down in July, according to a statement by President Wood.

## **Be a Winner**

### **Keep Your Liberty Bonds**

The subscriber who holds his bonds will not lose a dollar.

Market fluctuations do not change the intrinsic value of Uncle Sam's securities or affect his interest payments.

### **Liberty Bonds and Victory Notes**

—backed by the nation's strength  
—are the world's premier investment.

### **Buy All You Can Afford**

at current advantageous market prices.

### **Government Loan Organization**

120 Broadway

New York



# Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

## ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

**C**ONDITIONS throughout the South were reflected by the recent Fall Buyers' Convention held in New Orleans. The volume of business done—estimated at \$3,000,000, a record-breaker—was a surprise to the trade. The tales of financial depression had caused considerable depression, despite the fine crops reports.

But though the merchants from a widely-scattered Southern territory bought heavily, for their immediate trade, they bought very conservatively, with a canny eye to the future. As several expressed it, they want to carry over the season as light a load as possible, because no man can tell what the future holds. The situation is favorable, but there is no run-away optimism.

The car shortage is one of the most serious obstacles to business. This is, of course, a national problem; to the car shortage is ascribed, by bankers, a great deal of the financial difficulties of the country. In the South, the car shortage is interfering with the movement of rice, which is making the greatest crop on record, and contributing to its price depression. The lumber industry, too, is suffering. Especially in Louisiana and Mississippi is the pinch being felt. Unless the freight car situation eases up, it is believed that a number of the smaller mills will be forced to suspend.

Even the Great Southern Lumber Company at Bogalusa, La., finds it difficult to get cars; it has had to ship lumber more than once in box cars. It should move in flat cars. Car builders, it is said, are head over heels in orders and can't increase the output.

This has served to turn the attention of shippers and manufacturers more and more to the Mississippi-Warrior barge line of the government. Even with its antiquated equipment, that service is breaking even, or almost so. It was started two years ago with some small and worn-out barges and a few tow boats that barely held together for one trip. At first it lost money—as

everybody knew it would. But several months ago, the new equipment began to arrive. Only barges have so far been received—fine, capacious steel carriers, of course, but the same old petered-out towboats are still in service, and they have a harder time with the new large barges than they did with the old, small ones. The slow time and the heavy repair expense make the service an expensive one to the operator, though the freight rates to the trade are 20 per cent. lower, with river and rail differentials linking a huge and increasing territory with the Mississippi river.

According to an announcement by Secretary of War Baker, who is now directing the Mississippi-Warrior barge line, two of the new towboats for the Mississippi river trade will be in commission October 1, 1920; one more November 12, one December 30, one January 11, 1921, and one on March 12. For the Warrior River trade, one towboat will be ready September 6, 1920, one September 4, one October 4, November 1, one December 1, and one January 1, 1921.

From the Warrior River section, coal, mined in the Alabama fields, is carried to Mobile and New Orleans. To carry general business back on the return trip, steel containers, each of 10-ton capacity, and made to fit four upon a flat car, have been built. Loaded at the factory or warehouse, they are railroaded to a specially built water-side derrick at New Orleans, hoisted aboard the barges, and carried to the river points on the Warrior, where they are derricked upon flat cars and carried to interior points. It is a new trade outlet. Ten containers

### Bank of Charleston N. B. A.

CHARLESTON, S. C.  
Capital ..... \$ 500,000  
Surplus and Profits ..... 800,000  
Resources ..... 15,000,000

E. H. Pringle, Pres.

E. H. Pringle, Jr., Vice-Pres.

R. S. Small, Vice-Pres.

A. R. LaCoste, Vice-Pres.

G. W. Walker, Cashier.

J. H. Lucas, Assistant Cashier.

C. N. Fishburne, Asst. Cashier.  
Special attention given to city collections.  
Drafts on Charleston drawn with exchange remitted without charge.



## Bank Planning For Profit Producing

After all, a bank is but a money-making machine.

As such, some are so designed and planned that the mechanical parts seem constantly to grind and grate, and in truth they do.

Others have been given such careful consideration to every phase of the work and inter-workings of the machine, that the gears mesh noiselessly, and there is everywhere a general atmosphere of smooth running.

Such smooth running is part due to the organization, part to the design of the machine itself, the Bank Building and its arrangement and equipment.

Just how much depends on the latter, is best demonstrated when an old organization moves into a new bank building, planned and built by bank building experts.

As such, the Underwood Straight-Line-Plan, with its pay-as-you-go feature, holds interests for you. Send for figure facts.



*Underwood Contracting Corporation*

Canal Bank Building  
New Orleans, La.

have been built; 200 have been ordered.

The growing interest of interior manufacturers and shippers in gulf ports is described by L. J. Folse, Jr., of the Marine Forwarding Company, after a recent tour of the principal centers. Southern railroad lines are making a serious effort to divert foreign business to the gulf.

The visit of the Japanese cruiser Kasuga to New Orleans on a commerce-building mission, and the arrival of the first vessel of the Brazilian Lloyd's steamship line, just established between Rio de Janeiro and New Orleans, have encouraged the foreign trade-thoughts of New Orleans and the Mississippi Valley. Several local steamship lines have increased their Latin-American territory; and the recent visit of a Chilean journalist, with the news that Chile is planning to throw a steamship line to New Orleans and New York and seeks to give the United States a larger share of its import business—this country already has the lion's share of Chile's exports—has further fed the foreign-trade plans.

The total value of last year's cotton crop, including the seed, according to Col. H. G. Hester, secretary of the New Orleans Cotton Exchange, was \$2,516,544,520; this compares with \$2,045,251,868 in 1918, the highest previous record. The average for middling cotton last year was 38.21 cents; during the present season, the price has ranged from 29.00 to 41.75. The grade, however, is poor.

Speaking about cotton—the coast lands of Mississippi seem to be attempting to develop this staple. A large acreage is reported up and down the coast, and there is talk of building a number of gins. Some of the cotton stands more than five feet high, and averages thirty-five pods to the stalk.

In New Orleans, plans are under way for the construction of the long-dreamed bridge across the Mississippi River. The site has been purchased by the Public Belt Railway. It is several miles above the city limits—about 10 miles from the central point, Canal Street. This bridge will enable the development of railroad traffic to the west of the Mississippi; and will connect the Algiers side of the river, where many large industries are situated, and to which more will be attracted, with the belt railroad of New Orleans, with its cheap switching and interchange charges. It is estimated that the bridge will cost \$10,000,000.

Federal Reserve Board figures for debits to individual accounts not less than \$100,-

000,000 in Southern cities, for July, 1920, the latest figures available, show:

New Orleans, \$301,961,000; Houston, \$148,798,000; Dallas, \$139,817,000; Louisville, \$128,441,000; Atlanta, \$117,261,000; Memphis, \$110,768,000; Richmond, \$107,198,000; Nashville, \$106,365,000; Fort Worth, \$101,788,000.

With the return of the monied class from the summer vacations, and the easing-up of the financial situation, real estate throughout the South is reported to be increasing in strength. After a phenomenal spring, there had been a let-down in the summer; there was no slump in values, but the demand dwindled. Now, however, it has begun to pick up again. Representative real estate men and homestead officials say that no recession in values can be expected for a number of years.

The "profiteer" talk that was so fashionable a few months ago has died and there are no mourners. Every advance in the retail price or the rental was formerly received with a burst of billingsgate, polite and otherwise. The publicity of the press, the printing of figures showing the cost of



*Phil Branch*  
Our First President

**Merchants National Bank**

RICHMOND, VA.

Capital . . . . . \$400,000  
Surplus and Profits over 1,750,000

The Gateway to and Collection Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**

### Atlanta National Bank

ATLANTA, GA.  
The oldest National Bank in the  
Cotton States

Capital .....\$1,000,000  
Surplus and Profits..... 1,500,000  
Deposits .....24,000,000

Robt. F. Maddox, Pres.  
F. E. Block, Vice-Pres.  
Jas. S. Floyd, Vice-Pres.  
Geo. R. Donovan, Vice-Pres.  
T. J. Peoples, Vice-Pres.  
J. S. Kennedy, Cashier.

doing business, and the failure of government investigation agencies to make anything stick against the establishments most loudly denounced by the uninformed hue-and-cry, seems to have convinced the mass of the people that merchants and landlords and manufacturers are in the main as good citizens as they, and are not necessarily combiners because they are in the same line, but on the contrary, competitors. No one doubts that there is some excessive profit-taking, as there always has been and will be; but there is a tendency to stop, look and listen before making general charges.

The cost of living seems to be on the down grade. Banks are doing all they can to encourage saving, and the people are exercising greater foresight in buying. There is not such a tendency to gratify every passing fancy, regardless of price.

Reports from wholesale grocery firms in the South show a decrease in the money-value of sales. Dry goods establishments show a decrease compared with this time last year. So, too, do hardware firms. Shoe firms, however, show a considerable increase.

The downward trend is not spectacular and disturbing to trade. The retail establishments have been expecting this recession for a year, and entered the financial flurry close-reefed on stock. It has been a gradual unloading process, with end-of-season sales at remarkable reductions.

Crop conditions are on the whole good. The bumper rice crop of Louisiana is causing uneasiness, first because there isn't sufficient demand to absorb the enormous tonnage, and second, because it is hard to get the cars to move it. Rice interests have launched a \$500,000 advertising campaign to popularize the cereal; and are seeking to maintain a wholesale price of 8 cents. It is declared that a lower price would ruin the rice growers.

Georgia's cotton crop shows an improvement in condition in some parts, and a de-

cline in others. The boll weevil is reported to be playing hob in the northern counties. The Florida crop has improved, and the prospects are that the production will exceed last year's. In Louisiana, weather conditions have caused a deterioration; the boll weevil is making things worse. The pink boll worm situation seems to be well in hand, and states that quarantines against all cotton shipments from Louisiana, have now modified the quarantine to extend only to affected districts. Mississippi's cotton crop shows extensive improvement; and so does Tennessee's.

Georgia's corn crop is below the average, but Florida's is right up in front. Mississippi's corn is late. In Tennessee, the wheat threshing is over, with a better yield than had been anticipated. The citrus crop of Florida for the 1920-1921 season is estimated at 16,000,000 boxes. Louisiana's sugar crop will be a fine one. The cane borer is doing some damage; efforts are being made to import the Cuban fly, its natural enemy. Other Southern crops are in good condition generally, with local exceptions; and the labor situation is becoming easier.

The high price of feedstuffs is discouraging the livestock industry. Not only are the farmers not increasing their herds, they are actually selling off their cattle. Heavy losses of hogs from cholera are reported from sections of Mississippi.

The scarcity of cars is the ruling factor in the lumber situation. Reports of curtailment of production come from many sections. Prices are firm, and buyers are offering more than the listed prices for prompt shipment, while sellers are offering reductions for delayed shipment.

Receipts and stocks of naval stores are reported to be increasing. The stocks, however, are lower than last year. The demand for turpentine bids fair to exceed that of last season. Production has increased. In rosins, the demand for domestic use and for export is strong. Indications are that the exportations will continue an unbroken flow.

The coal, iron and steel industries of the

### Atlantic Savings Bank

CHARLESTON, S. C.

Capital .....\$200,000  
Surplus and Undivided  
Profits ..... 297,270  
Deposits over ..... 3,698,000

Henry Schachte, Pres.  
J. H. Jahnz, Vice-Pres.  
Walter Williman, Cashier.  
A. C. Koster, Assistant Cashier.

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

South are affected by the car shortage. Home consumption of pig iron continues great and the furnace-output steady. From all indications, the iron situation will remain strong. Steel mills are working at more than 80 per cent.; fabricating plants have difficulty in supplying the demand, because of the car shortage. Coal production in Alabama shows some improvement. A number of new mines are soon to be opened, according to present announcements.

Official announcement by the War Department, which has charge of the Mississippi-Warrior government-operated barge lines, contains the glad tidings that the towboats for this river service are rushing towards completion. They are promised for delivery in the fall. The barge service already has the freight-carrying equipment—modern steel barges of great carrying capacity; but is still operating with the antiquated towboats that have to be laid up every other trip and cost like sin to operate. The service is reaching out into a vast territory fro New Orleans to Chicago, and hundreds of miles on each side; it is able to do this because of the through river and rail rate, on the basis of 20 per cent. reduction for the water trans-

portation. The export trade of Southern ports is growing as shown by the increased number of ships in port. The Latin-American trade is flowing in greater volume through New Orleans. The Shipping Board has allotted nearly 200 vessels to Gulf ports, about half of which are assigned to New Orleans.



### CELEBRATES TENTH ANNIVERSARY

The ten years of progress made by the Bank of Hampden of Baltimore has been suitably recorded in an attractive illustrated booklet recently issued by the bank. The comparative growth of this bank is best illustrated by the following table of deposits:

July 1, 1910.....	\$4,201.83
July 1, 1911.....	66,108.27
July 1, 1912.....	110,913.24
July 1, 1913.....	208,359.09
July 1, 1914.....	260,513.00
July 1, 1915.....	294,541.16
July 1, 1916.....	397,978.79
July 1, 1917.....	514,040.50
July 1, 1918.....	632,308.77
July 1, 1919.....	918,772.65
July 1, 1920.....	1,125,321.85

### Opelousas National Bank

OPELOUSAS, LA.

Capital ..... \$50,000  
Surplus and Undivided Prof-  
its ..... 106,300

E. B. Dubuissou, Pres.

C. L. Dupre, Vice-Pres.

Chas. F. Boagni, Vice-Pres.

A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.

Charter No. 6820. Began business October 1, 1903. Collections solicited.

### CAMP LEWIS BANK IS GIVEN CHARTER

The Army National Bank of Camp Lewis, Wash., has been organized with a capital and surplus of \$27,500. The bank will serve the banking needs of the troops quartered at Camp Lewis.

The officers of the Army National Bank are: O. S. Larsen, president; O. H. Carver, vice-president; Dean Johnson, vice-president, and Maj. George H. Ball, cashier.

Maj. Ball was finance officer at Camp Lewis for more than two years, going to the camp at the time of the organizing of the 91st Division.

The directors of the new institution include Gustav Lindberg of the Lindberg Grocery Company, Charles Drury, George G. Williamson, E. A. Collins, Northern Pacific agent at Dupont; George H. Ball, O. H. Carver, Dean Johnson, J. V. Sheldon and O. S. Larson.

### DEATH OF JOHN McCULLOCH

John McCulloch, president of the Merchants National Bank, of Point Pleasant, West Virginia, died on August 24. Mr. McCulloch was widely known and greatly respected in West Virginia banking circles.

### FARMERS AND MERCHANTS BANK

The Farmers and Merchants Bank of Greenville, S. C., of which Robert I. Woodside is president, had total resources on June 30 of \$1,709,588.72 and deposits of \$1,565,110.

### CONDITION OF VIRGINIA BANKS

The incorporated state banks of Virginia had total resources on June 30, 1920, of \$201,569,262.59, an increase of nearly \$1,000,000 since the call of May 4, 1920. Deposits on the same date were \$141,970,313.21, an increase of over \$1,000,000 since May 4, 1920. Between the two calls loans and

discounts increased over \$2,000,000, cash on hand decreased approximately \$400,000. Savings deposits decreased over \$1,000,000, notes and bills rediscounted increased over \$400,000. On June 30 there were 323 banks reporting as compared with 319 on May 4.

### HIBERNIA HAS ITS FIFTIETH BIRTHDAY

To commemorate its fiftieth anniversary the Hibernia Bank and Trust Company of New Orleans has issued an attractive booklet giving many facts about the development of the bank. The following description of the bank's welfare activities is of unusual interest:

The modern bank, in order to deserve and enjoy continued success on a broad scale, must possess a thorough, well-systematized organization. It must be a real business "family" whose members serve one another—where there prevails the spirit of "All for each and each for all," and where all are working together for the common purpose of agreeably and competently serving the community.

The Hibernia Bank, in order to establish and maintain this "family spirit," has adopted various measures which, for the want of a better term, are known as "Welfare Activities."

The first of these is the "Hibernia Bank Club," organized and operated by and for the employees. This club has charge of all social, athletic and educational activities of the institution. The club also operates a "Thrift Plan" to which practically every employee of the institution is a subscriber. Annual dividends as high as seven per cent. have been paid to subscribers on savings deposited with the club.

A house magazine, known as the "Hibernia Rabbit," is published by and for the employees of the bank.

Another activity is the Hibernia Bank Baseball Club, which captured the New Orleans Bankers League pennant in 1918 and 1919.

A large percentage of the employees of the bank own Hibernia Bank stock. A plan has been arranged whereby employees may purchase stock on easy payments.

Over at Pass Christian, the bank has a summer cottage where employees spend the weekends and their vacation time. The cottage has its own bathing beach, bath house, pier, fishing boats and tennis court.

Every officer and employee is insured for one year's salary with a limit of \$3,000.

In line with these various activities, the directors believing that employees should have a proper share in the prosperity of the bank, sometime ago instituted a dividend plan whereby each employee receives a dividend on his salary, payable quarterly at the rate of twenty-four per cent. per annum. These dividends are declared and paid at the same time and in

### W. R. Rison Banking Co.

HUNTSVILLE, ALA.

Capital ..... \$100,000  
Surplus and Undivided Prof-  
its ..... 165,820

C. L. Rison, Pres.

Harry M. Rhett, Cash.

Collections will receive prompt attention and be remitted for on day of payment.  
Established 1866.

the same manner as dividends are declared and paid on the stock of the company, so that each employee receives, in effect, returns on his investment of time, experience and ability just the same as a stockholder receives his dividend on his investment in the capital stock of the bank.

the bank to become president of the Planters National.

President J. M. Miller, Jr., presided at the dinner. F. D. Williams, a director of the bank and a lifelong friend of Mr. Ad-

RICHMOND CHANGES

W. Meade Addison, who is now president of the Planters National Bank of Richmond, has been succeeded at the First National Bank by C. R. Burnett. S. E. Bates, Jr., has also been made a vice-president. Mr.



W. MEADE ADDISON  
President Planters National Bank, Richmond, Va.



C. R. BURNETT  
Vice-President First National Bank, Richmond, Va.

Burnett and Thaddeus C. Bell of the New York Life Insurance were elected members of the board of directors.

The officers, directors and employees of the First National gave a dinner in honor of Mr. Addison on the occasion of his leaving

dison, presented him with a handsome silver service on behalf of the officers and directors.

J. P. Fitzgerald, general bookkeeper, who has been associated with Mr. Addison for twenty-five years, presented him with a gold watch and chain on behalf of the clerical force.

HIBERNIA BANK TO ESTABLISH ANOTHER BRANCH

The Hibernia Bank and Trust Company of New Orleans has decided to establish another branch bank in the neighborhood of Canal Street and Carrollton Avenue, the exact location of which will be announced as soon as necessary legal details are completed.

This section, which according to a recent survey is one of the most substantially set-

tled portions of the city, has never enjoyed local banking facilities, and the Hibernia Bank was influenced in its decision to place a branch there by reason of the excellent residential character of the neighborhood and the present and potential industrial development up and down Carrollton Avenue. As soon as possible the bank will begin the construction of a suitable building.

This new branch will give the Hibernia Bank a total of eight banking offices located conveniently in various parts of New Orleans, each designed to serve the financial and banking needs of its respective community.

#### WEST VIRGINIA BANKERS ASSOCIATION CONVENTION

The twenty-seventh annual convention of the West Virginia Bankers Association was held on September 15 and 16, at Charleston, West Virginia. Addresses were made by Edmund Platt, member of the Federal Reserve Board and a former member of Congress; D. C. Wills, chairman of the board of the Federal Reserve Bank of Cleveland; F. M. Shepherd, field manager of the Chamber of Commerce of the United States; Thomas B. McAdams, vice-president of the A. B. A., and H. F. Atwood.

#### INCREASE OF CAPITAL FOR RALEIGH BANK

The stockholders of the Merchants National Bank, Raleigh, N. C., ratified plans for an increase of capital from \$100,000 to \$200,000, funds being provided through a stock dividend. The increase became effective this past month.

#### ANOTHER BANK HAS WOMAN OFFICER

One of the oldest banking houses of Nashville, Tennessee, Thomas W. Wrenne and Company, recently elected Miss Lucile A. Hudson as one of its assistant cashiers. Miss Hudson has filled satisfactorily various positions of increasing responsibility since she entered the bank house after graduation from high school and is well qualified for the recent advancement.

#### LOUISIANA CONSOLIDATION

The Homer National Bank with resources of over \$3,000,000, and the Homer State Bank of Homer, La., resources over \$1,000,000, were consolidated recently under the name of the Homer National Bank. The stockholders of this bank have organized the

Homer Trust and Savings Bank with a branch bank at Athens, La., the combined resources of which are \$600,000.

The officers of the institution are C. O. Ferguson, president; F. T. King, W. A. McKenzie and J. Melton Oakes, vice-presidents; L. T. Lancaster, cashier; Raleigh Gill, R. Q. Ezell, T. M. Oakes and Paul Lusk, assistant cashiers.

#### FEDERAL LAND BANK OF LOUISVILLE

The report of the Federal Land Bank of Louisville, Kentucky, which distributes loans in the states of Tennessee, Indiana, Kentucky, and Ohio, shows that it has made loans to 8,701 farmers in these states since its organization three years ago. Loans on its books now amount to \$26,000,000 and it has not a past due amortization or interest payment.

The bank is co-operative, all of the borrowers sharing in the profits of the institution in accordance with the amount of its loans.

#### NEW ORLEANS BANK REWARDS EMPLOYEES

The Marine Bank of New Orleans distributed bonus checks for the six months of the present year to its employees in appreciation of loyalty and good services rendered. The scale is graded, those who have been with the bank since its organization receiving twenty per cent. of their salary, paid semi-annually.

#### J. DABNEY DAY GOES TO BIG BANK

J. Dabney Day, first vice-president of the City National Bank, of Dallas, has resigned to go as vice-president to the First National Bank of Los Angeles, California. Mr. Day has been active in banking affairs in Dallas for the last twelve years.

The first National and the Los Angeles Trust and Savings Bank together constitute the largest and strongest banking institution in one city on the Pacific Coast. Their resources total \$110,000,000.

#### INCREASE OF CAPITAL FOR SHERMAN BANK

The capital of the Merchants and Planters National Bank of Sherman, Texas, was increased from \$200,000 to \$800,000, and the surplus fund from \$175,000 to \$375,000 by action of the stockholders this month. The board of directors was also increased in number.



# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri.

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

**T**HERE has come about in the last month a pronounced change for the better in banking and business sentiment in the central west. This turn toward cheerfulness is all the more significant because it comes on the eve of the greatest credit demands for the moving of the season's soil products and at a time when the strain on many of the most important commercial interests, because of the radical downward revision of the prices of raw materials, is severe. It seems to give evidence of the discounting of much of the hardship of the readjustment period and is none the less hopeful because accompanied by the prediction that the next few months are likely to bring forth a considerable number of failures. It is based on the two great factors of strength which already have carried the country through two years of after-war tribulation—big crops, creating billions of dollars of new wealth and an enormous buying power, and an insatiable worldwide demand for goods with no over-supply in any important quarter.

The expectation of commercial casualties is regarded philosophically, and for that reason they are deprived of much of their harmful possibilities. Anybody can do business on rising inventories and make money; but it requires considerable ability and carefulness to conduct merchandising operations on a steadily declining scale of values without damaging injury. That there will be some who cannot stand that test is a foregone conclusion; but, bankers argue, the great majority of American business men have been preparing for two years for the conditions that now exist, have ample reserves accumulated in the times of rapid moneymaking, have inventories written down to the point of safety and will be able to negotiate the downgrade without serious mishap.

The feeling of reassurance on the part of the bankers in regard to the coming money demands of the fall is in line with the fore-

cast given in this correspondence last month. They are confident that whatever financial aid is required will be provided. There is still an unused credit margin in the federal reserve system, estimated by some at \$750,000,000, and this can be increased if necessity should arise. In addition, the situation is constantly being improved by an awakened business sentiment which is exerting constant pressure for the holding down of commercial borrowing demands to essential needs, and by a natural slowing up of business due to the combination of credit, fuel, transportation and labor difficulties. That a great deal of money will be required goes without saying, and tightness for the remainder of the year is to be expected, but there is no indication that any noteworthy change from the present rates of 8 to 8¼ per cent. for commercial paper and 7 to 7½ per cent. for other forms of accommodation will be necessary.

The position of the Federal Reserve Bank of Chicago showed steady, although slight, improvement all through August. The bank paid all its indebtedness to other federal reserve banks, and both rediscounts and reserve note circulation showed moderate reductions from the peak recorded in the statement of July 9, when reserve paper outstanding reached a record total of \$547,000,000 and the borrowing of member banks a high mark of nearly \$440,000,000. At the beginning of this month the ratio of reserves to combined net deposit and note liability was 43.02 per cent. and the ratio of gold reserves to note liability, after setting aside 35 per cent. against net deposits, stood at 46.58 per cent., a substantial recovery from the figures of a month or so previous, when

## Alexander Co. Nat. Bank

CAIRO, ILL.

Capital ..... \$100,000  
Surplus ..... 100,000

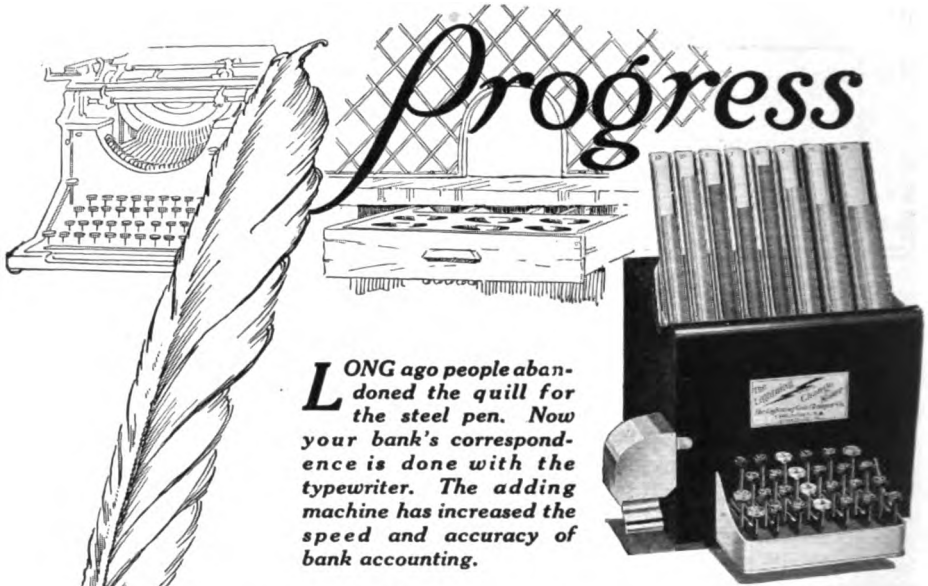
D. S. Lansden, Pres.

Chas. Feuchter, Jr., Vice-Pres.

J. H. Galligan, Cashier.

Frank Spencer, Assistant Cashier.

Send us your Cairo items. Satisfaction guaranteed.



**L**ONG ago people abandoned the quill for the steel pen. Now your bank's correspondence is done with the typewriter. The adding machine has increased the speed and accuracy of bank accounting.

## The Lightning—a Bank Machine

—has similarly doomed to the discard the laborious hand method of paying coin—change making.

The operation is simply one light pressure of the keys, and the correct change is instantly ready to fall into the teller's cupped hand at a mere touch of the finger tips.

Many seconds per operation, countless minutes of your clients' time, many valuable hours a day of your bank's time, are saved.

Your tellers can devote more

attention to matters of importance. There is no counting, no holding up of a long impatient line. Clients appreciate the improved service afforded by a Lightning.

## Speed—Efficiency—Accuracy

The Lightning affords greater speed, more efficiency and absolute accuracy. It is the first simple keyboard, practical, absolutely satisfactory machine of the kind.

It is the way used by modern, enterprising banks everywhere. The Lightning like the typewriter and the adding machine, has come to stay.

*The size is 9½ x 12 x 15¼ in. Guaranteed for ten years. Write us and our representative will call or we will ship direct.*

## Lightning Coin Changer Company

Dept. AM-8, 34-36 W. Lake St., Chicago, Ill.

they were hovering around the legal minimum. The bank seemed to be fairly well fortified for the crop-moving season, and its position undoubtedly would be very much stronger but for exceptional demands from certain commercial interests, notably the automobile industry. In analyzing the figures for the Chicago reserve bank and the load it has to carry, it should be remembered that there are not only some of the most important grain-producing states in the country, but also such manufacturing centers as Detroit, Indianapolis, South Bend, Pontiac, Flint, Cadillac and Muskegon. In the statements of the bank figures on the loans of the important parts of the district are not segregated; and it so happens that sometimes much of the demand that is attributed to agriculture should be classified differently.

Improvement in transportation conditions, following the wage increase of \$600,000,000 allowed by the federal railroad labor board and the advance in rates which is expected to add some \$1,500,000,000 to the gross revenues of the carriers, has done a great deal toward clearing the business situation in the last month. There is greater efficiency among the employees of the railroads, blockades have been cleared and deliveries of merchandise within reasonable time are now possible. This has made it possible for manufacturers and wholesalers to reduce materially the volume of belated orders. Freight shipments which two months ago were six or eight weeks in transit are now coming through in eight or ten days, while express consignments which formerly were on the way from one to two weeks are now making the journey in four or five days. The effect of this improvement is most noticeable in the receipt of goods from the eastern mills, but it is also important in all the lines of distribution from middle western centers. The movement of grain has been accelerated, but has not reached the flood proportions which were expected by some in view of the large crops coming on top of a substantial holdover from last year's harvest of the principal cereals. No such great rush of marketing is likely in the next three months, not only because the rolling stock and motive power of the railroads are insufficient to carry it, but because the farmers are showing no disposition to hurry their products to terminal points.

Wholesale distribution of merchandise in August was very large for the season of the year, and shipments for September have been of similar proportions. The figures, however, are swelled somewhat by the filling



Developed through the growth and experience of more than half a century

## The First National Bank of Chicago

James B. Forgan, Chairman of the Board  
Frank O. Wetmore, President

and the

## First Trust and Savings Bank

James B. Forgan, Chairman of the Board  
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over  
\$415,000,000**

## COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

### THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

*Capital and Surplus \$5,000,000*

of old orders and do not represent new business entirely. Merchants as a rule are buying cautiously and very close to their immediate needs. Retail business is good, and the seasonal sales of furniture, furs, shoes and clothing were well patronized. The sharp decline in prices of raw silk, leather, wool, cotton and other basic materials, most of which are selling at 30 to 60 per cent. of the levels prevailing a few months ago, is regarded as marking a long step in the return toward normal, but it has also inspired caution in future commitments for finished goods. Stocks are moving out satisfactorily and there is a possibility that when the buying for replacement gets under full headway the demand may do much to neutralize the effects of the recent decline in primary market prices.

The drop in the price of sugar from thirty cents to eighteen cents, or twenty cents retail and twenty-three to ten wholesale, caught many distributors and dealers with burdensome commitments. The former, mostly wholesale grocers, feel the decline most, for when the market was advancing they were prevented from selling on a replacement basis, most of them because of a desire to play square with the food admin-

istration, but some from fear of prosecution for profiteering. Now that the market is declining, there is no one to show the same consideration for them. Their profits were limited; their losses are not. The dealers are in a little better position, for they made money fast on the rise; but they now stand to lose much of this profit.

While the Chicago housing situation becomes more serious, building is at low ebb. High prices of labor and materials and the harassing activities of walking delegates discourage any undertakings that are not imperatively necessary. An illustration of conditions is found in an order by one of the largest packing companies that no construction project be started that does not promise an immediate saving of 50 per cent. in operations. This is virtually prohibitive, as very few pending plans come in this class.

Investment demand for the new issues yielding 7 to 8 per cent. is strong; but for the ordinary run of securities on anything like the former rate of return business is slow. Much money that formerly went into real estate loans is now going into the more attractive channels. One bank is selling on a 7 per cent. basis real estate mortgage

## Personal Service

to our correspondents—under the direction of one of our Vice-Presidents—is responsible for the satisfactory and continued growth of our out-of-town business.

We invite your inquiry regarding business relations.

# The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

### BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, *Vice-President*  
S. P. JOHNSON, *Assistant Cashier*

HENRY MEYER, *Assistant Cashier*  
R. V. KELLEY, *Assistant Cashier*

bonds which formerly found a ready market at six.



### JOHN C. MECHEM ELECTED VICE-PRESIDENT

At a recent meeting of directors of the First Trust and Savings Bank, Chicago, John C. Mechem was elected a vice-president. In this position Mr. Mechem will be associated with Vice-Presidents Louis Boisot and Roy C. Osgood in charge of the trust department, assuming duties September 15. Mr. Mechem is a graduate of the University of Michigan and Harvard Law School. For the past year he has been doing special work with Lee, Higginson & Company's Boston office, and prior to the war practiced law in Chicago, being a member of the firm of Mechem, Bangs & Harper, which dissolved when Mr. Mechem entered the army, in which he attained the rank of captain.

### CONDITION OF MICHIGAN BANKS

On June 30 last the total resources of all of the banks under the control of the Michigan state banking department amounted to \$1,064,774,753.34. Commercial deposits were

\$368,362,279.55, and savings deposits were \$516,647,001.09. A comparison with the report of May 4, 1920, follows:

#### COMMERCIAL DEPARTMENT

Loans and Discounts (Increase)	\$7,581,498.57
Bonds, Mortgages and Securities (Decrease)	2,508,037.05
Commercial Loans (Increase)	\$5,073,461.52
Deposits (Decrease)	1,618,157.48

#### SAVINGS DEPARTMENT

Loans and Discounts (Increase)	\$158,531.08
Bonds, Mortgages and Securities (Increase)	12,465,723.95
Savings Loans (Increase)	\$12,824,255.03
Deposits (Increase)	7,957,324.68
Increase in Total Loans	\$7,740,029.65
Increase in Total Deposits	6,339,167.20
Increase in Capital Stock	2,322,395.00
Decrease in Rediscounts and Bills Payable	6,591,033.54

### CHANGES AT FIRST NATIONAL

With a record of more than thirty-five years' service, Albert C. C. Timm retired August 31 as assistant cashier of the First National Bank of Chicago.

Mr. Timm came to the First National with the consolidation of the Metropolitan National Bank in 1902, and has held the office he relinquishes for the past ten years. To

# To Bankers



**THE Moline Plow Company's Dealers' Contract is an expression of our earnest conviction that our own success depends on our constructive development of the two chief elements of community service—Retailer and Bank.**

**We seek, therefore, to attract the most progressive merchant and the best bank in each community, by a contract with one, and a policy toward the other, which offer to both an unprecedented opportunity and a mutuality of interest and profit.**

**We shall be glad to answer the inquiries of any bank or merchant.**

## **MOLINE PLOW COMPANY**

**Moline, Illinois**

fill the position left vacant the board of directors has appointed James W. Lynch as assistant vice-president of Division D in the official organization of the bank. Mr. Lynch had been manager of the credit and statistical department of the bank since 1912, and is succeeded in that position by Edward M. Tourtelot, who has been assistant manager in the department. Both of the appointments are in line with the First National policy of promotions, as both men have been with the institution nearly twenty years, covering practically their entire business experience.

### **CONDITION OF OHIO BANKS**

Resources of the Ohio state banking institutions, as reported to the superintendent of banks, at the call of June 30, 1920, surpass all previous records and now amount to \$1,343,976,586. The total assets reported at the call of June 30, 1910, amounted to \$510,174,580. A comparison of these amounts shows the unprecedented growth of nearly \$834,000,000 during that period, or an average of more than \$83,000,000 a year. Their aggregate resources passed the billion dollar level at the call of December 31, 1918. Their

resources today are more than three times as great as when placed under state supervision.

Deposits now amount to \$1,150,313,376, the greatest ever recorded. Analysis of the statement discloses a marked increase in savings deposits. Such deposits show an increase of nearly \$80,000,000 for the year.

Transition from a war to a peace basis discloses a decided readjustment of banking resources. The urgent demand for funds to finance necessary business and industrial activities for the past year has been apparent. During this period, government securities have been liquidated to the amount of over \$52,000,000, real estate loans increased approximately \$64,000,000, and unsecured loans and acceptances increased nearly \$92,000,000.

Despite the unusual demand for money, bank reserves have not only maintained their high level but show an increase as compared with the amount reported June 30, 1919. The excess reserve, over and above the amount required to offset their increase in deposit liabilities, amounts to approximately \$45,000,000 as compared with \$33,000,000 a year ago.

Since the call of June 30, a year ago, twenty-three banks have entered as member

banks of the Federal Reserve System, bringing the total to eighty-one, with aggregate resources of \$592,560,028, or approximately 45 per cent. of the entire resources of all incorporated state banks.

The aggregate of deposits at the call of June 30 last was \$1,150,313,376, an increase of \$17,050,685 as compared with May 4, and an increase of \$141,720,921 over the amount reported June 30 a year ago. Savings deposits were reported at \$545,593,583, an increase of \$16,578,781, as compared with May 4. Savings deposits have increased approximately eighty million dollars during the past year. United States deposits, exclusive of Postal Savings, amounted to \$3,126,206.

The total loans and discounts were \$617,694,762, an increase of \$16,749,182 since May 4, and an increase of \$205,061,255 as compared with the call of June 30, 1919.

#### WM. P. SHARER ELECTED PRESIDENT OF THE MIDLAND BANK

William P. Sharer has been elected president of The Midland Bank, the new \$6,250,000 bank which is now in process of organization in Cleveland.

Mr. Sharer entered the banking business as a very young boy at the bottom of the ladder in the First National Bank of Alliance, Ohio. He later became cashier of the First National Bank of Wellsville, Ohio, going from there to the First National Bank of Zanesville, Ohio, of which he is now president, and is also president of the First Trust and Savings Bank of Zanesville. Mr. Sharer is also a director in the Citizens Trust and Savings Bank of Columbus, and is interested in several banks in southeastern Ohio. He was president of the Ohio Bankers Association 1911-1912. Mr. Sharer has also been very active in the American Bankers Association, having served two terms on the executive council. He is at present chairman of the public relations committee of the American Bankers Association.

Mr. Sharer will give up all outside activities and will devote his undivided time and attention to managing The Midland Bank.

In addition to the selection of Mr. Sharer, at the same meeting of the directors various steps were taken to complete the organization of the new bank. A committee on organization and a committee on location were appointed, and the work of organizing the new bank will now progress rapidly.

No statement was issued from the meeting as to whether the stock will be open for public subscription or must be secured



## Out in the Northwest

**A** BANK with resources  
of over \$100,000,000  
—the leading financial institution of its section—  
the logical clearing point  
for business intended for  
Twin City territory.

## First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars

through the directors and officers. It was voted to issue the stock at \$125 per share, thus creating a surplus equal to \$25 per share, making the capital \$5,000,000 and the surplus \$1,250,000.

This is said to make The Midland Bank the largest bank ever organized in this country.

#### H. A. SHARPE PROMOTED

To fill the vacancy created by the death of Captain Joseph Shaw, H. A. Sharpe has been elected vice-president and cashier of the Old Citizens National Bank of Zanesville, Ohio. Mr. Sharpe has been cashier of the bank for the past twenty-five years and will continue in that capacity in addition to performing the duties of vice-president. This promotion comes as a recognition of Mr. Sharpe's abilities and faithful service. He is well-known in banking circles and highly respected in Zanesville, where he has taken an active part in the upbuilding of the community.

#### NIGHT SHIFT IN PLOW WORKS DIVISION

Due to the tremendous increase in the demand for the J. I. Case Plow Works Company's products, the officers of this company have announced that a night shift was added to their force of day workers at Racine, Wisconsin, beginning September 1. This will materially add to the already large number of men now employed by this company and likewise make a large addition to the payroll.

This new addition of men is crowding the huge factory somewhat, but workmen are fast bringing to completion the many new buildings which formed the building program this year of the J. I. Case Plow Works Company, due to their tremendous expansion in business. This building program takes in six up-to-date, modern constructed buildings. Work is being rushed on these buildings as fast as possible, especially the buildings that will comprise the units of the new Wallis Tractor plant.

The problem of moving the vast amount of machinery and transferring the work of the Wallis Tractor unit to the new buildings is now under consideration, and the actual moving of the entire Wallis Tractor plant to its new buildings will be started probably within the next two weeks.

Plans have been consummated for the move to be made as quickly as possible, so that every minute will count in the big production problems which face the increased

demands made upon this company for Wallis Tractors.

#### TWO ST. PAUL BANKS TO MERGE

A merger of the Capital National Bank and the National Bank of Commerce will be effected October 1.

The new bank will be known as the Capital National Bank, with the present headquarters of the Capital National being used.

When the banks are merged they will have a combined capital and surplus of \$1,250,000 and deposits of between \$11,000,000 and \$12,000,000. It will be the third largest bank in St. Paul.

J. A. Reagan, president of the National Bank of Commerce, will be the chairman of the board of directors of the combined bank, while James L. Mitchell, now president of the Capital National Bank, will remain in that position. John R. Mitchell, chairman of the board of the Capital National Bank, will become chairman of the executive committee.

M. R. Knauff, vice-president of the National Bank of Commerce; C. E. Johnson and E. J. Gifford will be vice-presidents of the combined institution, while George M. Brack, cashier of the Capital National Bank, will have that post in the new bank.

The Capital National Bank has long been under the management of John R. Mitchell, while the National Bank of Commerce was formed about seven years ago by F. A. Nienhauser and W. A. Miller when they left the old First National Bank. The National Bank of Commerce was taken over about two years ago by Mr. Reagan and Mr. Knauff and has had a sensational growth since then.

Mr. Reagan for the past five years has been regarded as a very capable financier, and his banking career in St. Paul has been a remarkable one.

The Capital National Bank was organized by John R. Mitchell and associates in 1906, and is a consolidation of the old Capital Bank of St. Paul and the St. Paul National Bank. Since its organization the Capital National Bank has made steady progress, and, together with the Capital Trust and Savings Bank, with which it is closely affiliated, has become one of the leading financial institutions of the Northwest.

John R. Mitchell, who will be the chairman of the executive committee of the consolidated bank, is well known in banking circles, having been former president of the Minnesota Bankers' Association and a former president of the St. Paul Clearing





There are two times  
when you need an ac-  
count with the Commerce

*1st: When you have surplus  
funds*

*2nd: When you haven't*

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over \$95,000,000 —and making loans is part of our business.

## **The National Bank of Commerce**

**IN ST. LOUIS**

House Association, a former member of the executive council of the American Bankers' Association, and during the war was a member of the advisory council of the Federal Reserve Board.

James L. Mitchell, who will be president, has risen rapidly in St. Paul banking circles since he became associated with the Capital National thirteen years ago.

A. J. Newgren, R. F. Sturley, M. J. Warn, E. A. Hinsch, D. K. Patterson will be assistant cashiers. The board of directors will be composed of the directors of both banks, being well known men prominently identified with the business interests of the city. William A. Miller, chairman of the National Bank of Commerce, will be the only officer to retire, but will remain a director.

### **THE FIRST NATIONAL'S COUNTRY CLUB**

The development of the country estate of a private family into a country club to accommodate seven hundred members has been one of the recent big undertakings of the First National Bank in St. Louis, and the extent to which its club house, on the Meramec River just a few miles southwest of

St. Louis, in the foothills of the Ozarks, has been used by its employees since opening day, July 4, demonstrates the practicability of the idea. This club house is a testimonial to the generosity and thoughtfulness of one of the directors of the bank, Benjamin Gratz, who has donated his summer home and extensive country estate to the club for the purpose of affording a pleasant and attractive outing place for the club members.

Since the estate was taken over by the club a tennis court and athletic grounds have been put in condition for use and a convenient dance hall provided. The club is located on the beautiful Meramec River, and many of the club members have taken advantage of the canoeing and swimming privileges. Mountain climbing among the rocks and hills of the surrounding country is enjoyed by a number of employees who do not take to other forms of athletics, and one of the attractive objective points is an old observation tower built of rock many years ago as a reproduction of the Grotto of Lourdes. It is located about an hour's walk from the club, and from the top of this tower one of the most beautiful views of the Ozarks is afforded.

On Labor Day more than one hundred



## St. Louis Premier Bond Market

St. Louis by a natural process of development, has become the premier market for

### **DIRECT OBLIGATION BONDS**

and our Bond Department is especially equipped for furnishing information to buyers and sellers of

### **MUNICIPAL and ROAD BONDS**

as well as Drainage and Levee Bonds in all of which we deal extensively.

BOND DEPARTMENT

**FIRST NATIONAL BANK**  
IN ST. LOUIS

of the club members visited the club, and fifty of them sat down to a dinner together at the noon-day meal. The unusually large number of First National Bank employees who have enjoyed the club during the season just closing shows that the sincere desire of the officers and directors of this institution to meet the wishes of their employees in every possible way is productive not only of excellent bank spirit, but also of increased co-operation in all departments of the bank.

Miss Alice F. Brannigan, for a number of years connected with one of the affiliating banks, has been in charge of the club, as manager and hostess, and it has been largely due to her executive ability and her sympathetic understanding of the requirements of such position that the club has maintained a very high standard and found such general favor with the bank administration and friends of the employees.

### **MIDWEST CELEBRATES FOURTH ANNIVERSARY**

On August 21, 1920, the date of its fourth anniversary, the Midwest National Bank and Trust Company of Kansas City showed total resources of \$12,758,769.86 and deposits of

\$9,150,412.54. The splendid development of this bank since its organization four years ago is a tribute to the quality of its service to the 7,000 individuals and firms and the 600 banks that constitute its clientele.

### **NEW TRUST DEPARTMENT HEAD FOR MINNEAPOLIS BANK**

The Minneapolis National Bank of Minneapolis has placed H. R. Taylor in charge of their newly created trust department. He will also officiate as bond officer in charge of the bank's bond and investment securities business. Mr. Taylor was formerly manager of the bond department of the John F. Sinclair Co. of Minneapolis.

### **RESERVE BOARD APPOINTMENT**

The appointment of D. C. Wills, of Cleveland, to be a member of the Federal Reserve Board, was one of the most favorably received in a long time. Mr. Willis is a veteran of the Federal Reserve System, having been associated with the Cleveland Reserve Bank since its organization, and leaves the position of chairman of the board of that institution to take up his new duties.

# Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana,  
Wyoming, Colorado, New Mexico and Oklahoma

## ECONOMIC CONDITIONS IN THE WESTERN STATES

BY SAMUEL SOSLAND

**N**ATURE'S lavishness and stringency in money markets stand out as opposing forces in the business of the western states. Except for the abundant harvests already garnered or about to be garnered, a feeling of pessimism would undoubtedly prevail today in the business of this territory. Nature, however, has given the western states such abundant harvests that they are unable to overcome in a measure the restrictive influence of stringent money markets. Their business is therefore making a fair showing. However, it is not maintaining a volume commensurate with the harvests, which is due mainly to the influence of tight money.

Developments the past month cast doubt on the likelihood of the maintenance of activity in business in the western states on the scale which the country normally might expect in view of the large crops. For a time during August, bankers of Kansas, Missouri and Nebraska began to note gratifying signs of the inauguration of the period of liquidation of loans, which were at the highest total in history when the new crop year opened in July. The liquidation was delayed by the shortage of cars for moving crops. However, the influence of tight money in consuming districts in the East, and in fact throughout the world, began to make itself felt more seriously. Wheat prices declined. Lower prices were recorded on livestock. Demand for flour reached only a small fraction of the volume of a year ago. Wool continued stagnant. Cotton slumped in a sensational manner. These price movements raised the question whether the western states would be able to liquidate their heavy loans as early as expected. Farmers inaugurated a movement to hold wheat for higher prices, claiming that they should receive \$3 a bushel for the grain. Planters of cotton, on the other hand, made protests against the turn in the price of their products.

As banks in the western states have been heavily loaned up for many months, they are

not in a position to assist in the financing of the holding of the season's harvests on farms for higher prices. There were increased applications for loans of this character, but the country bankers refused to provide assistance in a majority of instances. What the outcome will be remains to be seen, for the holding tendency is only just beginning to be widely agitated. In the event it results in smaller sales of farm crops than the railroads are able to move to markets, business, of course, will be held in check and tightness in money will be prolonged. It is doubtful, however, if the holding tendency will become so serious a factor. With distributive channels affected by tight money, there is really a desire on the part of bankers that farmers move their crops over a longer period in order to reduce the demands for money from market operators. For this reason, the holding tendency is helpful to a degree, but bankers do not want it to reach proportions which will force them to continue in a tight position. They want to increase their reserves.

Declines in prices of agricultural products not only reduce the purchasing power of farmers and stockmen, but impair their ability to liquidate loans. This would not be so important if producers had not anticipated higher prices than now prevail in their social and business activities the past year. In Wyoming, Montana, Colorado and New Mexico, flock masters who had been proceeding on the assumption that their best wool would bring seventy cents a pound or more are embarrassed now that the fleece is demoralized at a drop of 50 per cent. from that level. The cotton growers of Oklahoma, who have been counting on more than thirty cents a pound for their crop, are facing disappointments. Seed from the 1920 crop is bringing only about \$20 a ton, compared with \$65 or more a year ago. It is probable that the current average price of wheat to farmers is around \$2.15 a bushel. They expected at least fifty cents more for each bushel. Corn shows a decline of thirty cents a bushel from 1919. Oats are practically on the same basis as at this time in 1919. In the case of wheat, it is encouraging to note that prices a year ago were

## In The Great Northwest

Bankers and business men anxious to obtain accurate and exact information concerning credit data, industrial possibilities and a general knowledge relative to the Pacific Northwest will find a comprehensive, reliable and complete service here.

*Our increase in deposits during the last two years is nearly \$4,000,000.00*

# Scandinavian American Bank

*Pacific Avenue at Eleventh Street. Tacoma*

around \$1.90 on farms, for the market was then at the government level under the Lever guaranty act. Hay is at last year's quotations.

Livestock prices are relatively more unfavorable, as compared with a year ago, than the grain and feed crops. Cattle is about \$2.50 per hundredweight lower; sheep, about \$3 down, and hogs, about \$5 below the market of last year. A weak tone surrounds the livestock trade at current prices. Mules are about \$25 higher than a year ago, but the slump in cotton promises to wipe out this advance. Horses are weak, at about last year's prices.

Lumber, copper, zinc, lead and other industrial products are not enjoying an active market. Copper mining companies are disappointed over their business. Oklahoma zinc mining is almost at a standstill, operators awaiting higher prices. There is a general housing shortage, but the lack of credit is restricting new building and holding trade in lumber and other building material in check. Oil is still yielding enormous revenue, with crude bringing record prices. But tight money is telling even in the oil business, and, as the peak of the demand for gasoline passes, it is probable that lower prices will prevail. Drilling operations are being pushed as extensively as the supply of the necessary materials permits, but more conservatism is apparent among these operators, for the money market has lowered prices on leases.

A peculiar situation has developed in the livestock business. Owing to the tightness of money, both range interests and feeders are unable to obtain the credit required for the purchase of breeding and feeding stock. Purebred stock slumped badly in the late summer sales because of the lack of credit. There has been a minimum of contracting of lambs on ranges for feeding purposes. With money tighter in the East than at any

other time this year, the bankers there are endeavoring to reduce their holdings of livestock paper. Feeders are not buying the number of cattle and sheep which they need to dispose of the great crops of feed in prospect. As usual at this season, the movement of cattle and sheep is increasing to markets. Happily, there is no forced marketing on account of drouth, as range conditions are almost ideal. Depression in hides, wool and skins accounts in a measure for the lower prices on livestock. One packer states that the lower prices for the by-products put the cost of beef from \$11-cattle this season on the same basis of beef from \$13-cattle before the break in hides and other by-products in 1919. It is claimed that the drop in wool is about equal to \$4 per hundredweight on sheep and lambs. Efforts are being made to hold a conference at Chicago on September 10 to discuss livestock financing, with the hope of bringing more credit into the industry. Bankers and livestock trade interests from all parts of the country are expected to attend.

Enormous buying of wheat for export is the principal price sustaining influence on the bread grain. Many export sales have been made by dealers, who are counting on being able to purchase the grain at lower prices later in the year, but the attitude of farmers may disappoint them. Some of the best new crop wheat in North and South Dakota is being permitted to move to the East for export because the flour business is extremely light. The inexcusable and uneconomic discount ordered by the United States Shipping Board on ocean wheat rates, as compared with ocean flour shipping charges, is seriously handicapping the export business in flour, while the domestic trade is low, owing to the influence of the general feeling that all prices are on the downgrade. Wheat shows a stronger undertone than any other agricultural commodity.

# The Omaha National Bank

## OMAHA, NEBRASKA

Established 1866

Capital . . . . .	\$1,000,000
Surplus (Earned) . . . . .	\$1,000,000
Total Resources . . . . .	\$43,000,000

J. H. Millard, President

Walter W. Head . . . . .	Vice-President
Ward M. Burgess . . . . .	Vice-President
B. A. Wilcox . . . . .	Vice-President
Frank Boyd . . . . .	Vice-President
Ezra Millard . . . . .	Cashier
O. T. Alvison . . . . .	Assistant Cashier
J. A. Changstrom . . . . .	Assistant Cashier
W. Dale Clark . . . . .	Assistant Cashier
Edward Neale . . . . .	Assistant Cashier

### Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

If corn escapes frost damage, lower prices are likely.

Merchants continue to pursue a conservative policy, being influenced by tight money and by the fact that farmers and stockmen have thus far made smaller sales than a year ago. Small farm and range sales mean reduced revenue for farmers and stockmen, which forces contraction in their spending. There is hope of improved railroad service, now that government guarantees are at an end and new freight rates are in effect. However, the higher freight rates are upsetting established differentials, which is somewhat disturbing to business, and in such commodities as lumber and hay the added transportation charges are proving a handicap to sales. Labor is still spending carelessly, but it is beginning to be impressed by changing economic conditions, and will be more conservative when agricultural demands are reduced. Automobile sales are only a small fraction of the total reported a year ago. The boom in farm land transactions has halted.

Loans of banks show a small increase over a month ago, but this is the season for liquidation. The manner in which the abundant supply of the products of the western

states is absorbed will determine the trend of money and business.



### FEDERAL RESERVE BRANCH IN HELENA

The governor of the Ninth Federal Reserve District, Roy A. Young, has announced that a branch of the Federal Reserve Bank System will be opened December 1 at Helena, Montana. Delay in the arrival of steel for the vault has made necessary the later opening of the branch.

### CONDITION OF IOWA BANKS

Total resources of the savings banks, state banks and trust companies under the supervision of the Iowa state banking department on June 30 last were \$800,862,729.68, a decrease of \$38,550,412.17 as compared with April 2, 1920, but an increase of \$104,296,843.59 as compared with June 30, 1919. As compared with April 2, 1920, deposits decreased approximately \$47,600,000 and loans and discounts decreased approximately \$15,250,000. The net increase since June 30, 1919, in the number of banks reporting was twenty-six, and the average reserve in all banks on June 30, 1920, was 14.2 per cent.

# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,  
Arizona and Alaska.

## ECONOMIC CONDITION IN THE PACIFIC STATES

By J. F. DONNELLAN

**W**ITH the exception of the tightness of the money market, there is nothing in evidence to impede the progressive development and financial growth of the whole Pacific slope, and with crop financing now passed the peak, even this money tightness should show an increasing easing off by the end of September, or possibly sooner.

The readjustment of prices of raw materials, and commodities generally, has progressed to a point where it is safe to assume that the retail markets will soon reflect strongly the cuts which have occurred. Naturally, price declines here are not as abrupt as in the East, due to geographical position, high freight rates and the concentration of manufacturing enterprise in the East.

The freight congestion east of Chicago is still interfering with the receipt of shipments, and increasing amounts are being handled by way of the canal. Wholesale and retail trade are holding up well, and collections are good. Building continues active, showing great increase over last year, especially in San Francisco, Oakland, Los Angeles and Portland.

Bumper crops of barley, hops and rice will be enjoyed by California, and Arizona's cotton output will be large. All crops, in fact, are filling the pockets of the growers and have served to increase bank clearings in the principal cities of the coast over 20 per cent. above those of this period last year. The wheat crop of this district is placed at 99,444,000 bushels, or only 1,564,000 bushels less than the record crop of 1919. In fact, all grain crops are turning out better than was anticipated earlier in the year. Contracts for wheat are being made at prices ranging as high as \$2.25 a bushel. Some fruits are selling higher than last year, but generally a slight scaling off of prices is evident. Wine grapes, however, are a notable exception, with the better grades selling as high as \$150 a ton. The citrus crop promises a good yield, with oranges 85 per cent.

of normal as compared with a ten-year average of 78 per cent. Thus the largest citrus crop since 1916 is expected.

The California, Oregon and Washington salmon pack is short of last year, but Alaska's red salmon pack will better that of 1920. Although no reports have been received of livestock having suffered, the lack of rain has resulted in many streams and water holes drying up, causing a decline in pasturage and necessitating the driving of stock to higher ranges.

With the raw sugar crop of the Hawaiian Islands disposed of, the attention of both planters and refiners is directed toward the probable price of raw sugar in 1921. Refinery representatives predict an average price of nine cents a pound for raw sugar, while those representing the Hawaiian plantation interests predict that raw sugar will surely sell above ten cents.

Due to the deficiency of rainfall during the past three years, California is faced with a shortage in electric power and the state power administrator has ordered a reduction of 20 per cent. in the use of electric power, except for domestic purposes or for use in connection with perishable goods or growing crops.

Labor conditions on the coast are generally satisfactory; adequate supplies of labor have been available and no strikes of consequence or serious friction have developed.



## BUSINESS CONDITIONS IN NORTHWEST

The Seattle National Bank, in the August issue of "Current Commerce," states:

### Bank of Bishop & Co., Limited

Established 1858  
HONOLULU, T. H.  
Cable Address, "Snomad"  
Capital and Surplus...\$1,733,590  
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ISLANDS. COMPLETE AROUND THE  
ISLANDS COLLECTION SERVICE.  
PROMPT REMITTANCES.

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### Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

"July did not witness any marked depression in general business conditions in the Pacific Northwest, despite many rumors of breakers ahead. Some slight stagnation of retail trade resulted from the summer vacation period and from bargain sales in many lines conducted last month in various localities in this district, but many reports indicate an increase over 1919 sales. Naturally the change in market conditions has placed a heavier burden on dealers, and the fact that few commodities can now be bought on a rising market will call for the exercise of skill and foresight in buying and exceptional care in merchandising.

"The latest report of the Federal Reserve Bank for the Twelfth District shows that the percentages of increase in sales, wholesale and retail, for June, 1920, over June, 1919, were: Portland, 8.1; Seattle, 16.3; Spokane, 23.2; Tacoma, 17.8. Collections are reported as 'fair' to 'good.'

"Bank clearings have also shown a consistent gain in all these cities, the following figures being given:

	June, 1920	May, 1920	June, 1919
Seattle	\$183,220,000	\$176,341,000	\$164,393,000
P'tl'nd	166,642,000	149,353,000	125,846,000
Sp'k'ne	55,190,000	52,396,000	39,875,000

### ANGLO-CALIFORNIA APPOINTMENTS

Among the first banks on the Pacific Coast to use the title of assistant vice-president is the Anglo-California Trust Company of San Francisco. At the August meeting of the board of directors, Fred V. Vollmer and C. L. Smith, assistant cashiers, and R. D. Brigham, assistant to the president, were elected assistant vice-presidents of the company. The promotion to assistant vice president is a distinct advancement to these three men and the result of good services rendered.

Mr. Vollmer will be assistant vice-president and office manager; Mr. Smith will be assistant vice-president and real estate officer, and Mr. Brigham will be assistant vice-president, manager of branches and in charge of new business development work.

### NEW SECURITY COMPANY FORMED IN LOS ANGELES

Henry M. Robinson, president of the First National and Los Angeles Trust and Savings Bank, has announced the formation of the First Securities Company, a corporation authorized to make loans on cattle and commercial paper and to finance new business enterprises in southern California. The stockholders of the bank will own the new company and draw upon the combined resources of both banks. The combined resources amount to \$110,000,000.

Mr. Robinson will have the distinction of introducing a new idea in Los Angeles, based on a plan which has proved successful in several large American cities. John E. Barber, formerly of Harris, Forbes and Company, will be vice-president. Mr. Barber is at present assistant to Mr. Robinson in the two Los Angeles banks.

### The Bank of Hawaii, Ltd.

HONOLULU, HAWAII

Cable Address, "Bankoh"

Capital, Surplus and Undivided Profits .....\$1,686,000

Total Resources .....11,094,000

C. H. Cooke, Pres.

E. D. Tenney, Vice-Pres.

Roxor Damon, Cashier.

Encashment of Letters of Credit through close connections on each Island, collections promptly executed.



# THE ROYAL BANK OF CANADA

HEAD OFFICE, MONTREAL

Statement (condensed) of July 31, 1920

## LIABILITIES

Capital Paid Up.....	\$18,969,120.00
Reserve Fund .....	17,984,560.00
Undivided Profits .....	1,096,418.74
Notes in Circulation .....	40,959,871.74
Deposits .....	479,623,830.13
Due to other Banks .....	14,971,901.64
Bills Payable (Acceptances by London Branch) .....	1,616,626.79
Acceptances under Letters of Credit.....	9,357,040.61
	<u>\$584,579,369.65</u>

## ASSETS

Cash on Hand and in Banks .....	\$114,427,828.60
Deposit in the Central Gold Reserves ...	23,000,000.00
Government and Municipal Securities ...	35,631,623.14
Railway and other Bonds, Debentures and Stocks .....	16,218,238.69
Call Loans in Canada .....	13,745,753.38
Call Loans elsewhere than in Canada ...	56,105,943.39
	<u>\$259,129,387.20</u>
Loans and Discounts .....	\$305,191,442.29
Liabilities of Customers under Letters of Credit as per contra .....	9,357,040.61
Bank Premises .....	8,855,283.14
Real Estate other than Bank Premises ...	1,131,421.89
Mortgages on Real Estate sold by the Bank	54,794.52
Deposit with Dominion Government for Security of Note Circulation .....	860,000.00
	<u>\$584,579,369.65</u>

SIR HERBERT S. HOLT  
*President*

E. L. PEASE  
*Vice-President and  
Man. Dir.*

C. E. NEILL  
*General Manager*

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# Canada

## ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

**P**ENDING the movement of the Canadian crop—which promises to be of satisfactory proportions—a condition of “tight money” prevails in banking and financial circles. The financial resources of the country are being conserved single-purposedly. Bankers say that it is highly important to general prosperity that the crop reach consuming markets as rapidly as possible. Foreign inquiries for wheat are now said to be on a satisfactory basis, and a quick movement will mean good prices, while the return of capital will not only mean the discharge of farm credits and larger funds for manufacturing and commerce, but will have a direct bearing upon the rate of foreign exchange.

In the meantime, commercial and industrial loans are tightly curtailed. Whether this conservation of funds for crop purposes will be sufficient to finance the movement will depend largely upon the yield and the facility with which the final market can be reached. It may be necessary to do some further financing between the government and the banks under the War Measures Act, but every effort is being made to refrain, so far as possible, from this process of inflation, which was only justified by war conditions. The sum of \$150,000,000 is mentioned as covering the possible requirements of the banks in new money to finance the crop movement; this is a large sum, but it is pointed out that the value of the total grain yield may go as high as \$1,000,000,000.

Asked whether the curtailment of commercial credits was a factor in the present depression in the automobile and some other industries where there has been a large demand for luxuries, a leading Canadian banker replied that he did not consider so; he regarded the depression as a natural readjustment brought about by rapidly expanding production, finally overtaking, and passing in its momentum, a demand already beginning to contract from natural reaction. However, there can be no doubt but that the curtailment of commercial credits has

had its effect in many lines. One of the leading business engineers of the country states that for months his firm has been advising clients to cut down on stocks of both raw materials and finished products. There have been cases, he explained, where orders have been lost, but in the great majority of cases the policy has proven advantageous in relation to the price situation. And it would seem that the period of price uncertainty is to continue for some time at least—a period which in Canada, however, should be largely smoothed over by the crop returns.

The July bank statement—to the 1st of August—indicated a policy looking to the conservation of funds, while still making additional advances on current credits necessary in the interests of productive industry. Increases of \$12,000,000 in current loans and of \$6,500,000 in loans abroad were made, while obligations to the Dominion Government were reduced by \$13,700,000 and demand deposits were drawn on to the extent of over \$20,000,000. The most important source from which funds were secured was call loans abroad, which were cut down by more than \$16,000,000. This is regarded as an argument in support of the contention of bankers that money loaned to Wall Street is made quickly available for domestic needs when required. Increased savings deposits of \$10,000,000 were another factor in providing the necessary funds.

In view of the fact that total bank assets increased by \$294,000,000, as compared with a year ago, and liabilities were higher by \$269,000,000, it is reassuring to note that the general effect of the changes in July was to reduce total assets by \$25,000,000 and liabilities by \$32,000,000. This improvement was largely due to the reduction of liabilities to the Dominion Government by nearly \$13,800,000 during a period when the holdings of short term government paper by the banks was reduced by less than \$500,000.

While Canada's imports and exports for the twelve months ending with July almost balance with totals of \$1,253,000,000 and \$1,264,500,000, respectively, there was an unfavorable balance for July alone of \$23,000,000, indicating a tendency which has

been in evidence for some months. This is one reason that rapid movement of the crop is being urged. For July, imports amounted to \$127,000,000 and exports to \$104,000,000, while for the four months of the fiscal year imports were \$473,000,000 compared with exports of only \$342,000,000. When these figures are compared with a favorable trade balance of \$500,000,000 in 1918 and \$400,000,000 in 1919, it will be seen that a rapid change is taking place from the trade conditions which prevailed during the period of the war.

Canada's buying in the United States has been increasing, the total of \$752,800,000 for the twelve months ending with July in 1918 being increased to \$881,000,000 in the current year. At the same time, however, exports have also grown likewise, from \$411,800,000 to \$499,700,000. Trade relations with the United Kingdom have shown a much more important change, the imports having grown from \$72,300,000 to \$191,900,000 in two years, while exports have declined from \$744,300,000 to \$409,400,000 in the same period.

Some American firms are meeting Canadian importers half way on the question of exchange. In a circular letter to their customers in Canada a firm states that "although our Canadian customers are very anxious to run our lines of merchandise, it is practically impossible to do so on account of the rate of exchange. We are particularly anxious not only to do business with our friends in Canada, but to do our share to foster the cordial relations between the two countries, therefore we authorize you to notify our customers throughout Canada that from this date on, when they make their payment to us in New York funds, we will share with them on a 50-50 basis the difference in the rate of exchange. We hope that this plan will be adopted by all American firms in every line of industry, because if that were done it would certainly work to great advantage for Canada."

The rising value of capital as reflected in the general investment situation is indicated in the action of the government making a material reduction in the market for dominion bonds. The new low levels are as follows:

1922—98 and interest, yielding 6.37 per cent.

1923—98 and interest, yielding 6.15 per cent.

1927—97 and interest, yielding 6 per cent.

1933—96½ and interest, yielding 5.88 per cent.

1937—98 and interest, yielding 5.68 per cent.

1924—97 and interest, yielding 6.27 per cent.

1934—93 and interest, yielding 6.24 per cent.

The prices which have recently prevailed were:

1922—99 and interest, yielding 5.86 per cent.

1923—99 and interest, yielding 5.88 per cent.

1927—99½ and interest, yielding 5.58 per cent.

1933—99½ and interest, yielding 5.55 per cent.

1937—101 and interest, yielding 5.41 per cent.

1924—98 and interest, yielding 6.01 per cent.

1934—96 and interest, yielding 5.92 per cent.



#### TO ESTABLISH NEW SUPER-INTENDENCY

In view of the rapid development which has taken place in the Central West, the Canadian Bank of Commerce has decided to establish an additional superintendency. Heretofore the Central Western District comprised the provinces of Manitoba, Alberta and Saskatchewan, but the rapid progress of the Peace River District and other outlying parts of the Inland Empire, in addition to the very general expansion of the bank's business throughout the older settled portions of these provinces, has made it difficult to handle all the business at one central point, namely Winnipeg, with the facility of service which has always been the bank's aim. It has accordingly been decided to leave the branches in Manitoba and Saskatchewan under the supervision of the superintendent at Winnipeg and to place the Alberta and Peace River branches under the supervision of a superintendent at Calgary.

C. W. Rowley has been appointed superintendent of branches in Manitoba and Saskatchewan, with headquarters at Winnipeg, and J. B. Corbet has been appointed superintendent of branches in Alberta.

Mr. Rowley has been for the last nine years manager of the bank's main branch in Winnipeg and is very well known in the West, having been accountant at the Winnipeg branch during the years 1898-1902, after which he served in Vancouver for a short time and in October, 1902, established

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a branch of the bank in Calgary. Mr. Rowley built up a flourishing business at that point and in addition took a very active interest in outside affairs. He was one of the founders of the Calgary Clearing House and its first chairman and in addition served on the local directorates of many companies. He went to Winnipeg as manager of the main branch in May, 1911, and has been there continuously since that time. Mr. Rowley will be particularly well known on account of his war activities. He is a past president of the Canadian Club and in many ways has identified himself not only with local affairs at Winnipeg but in matters of Dominion-wide importance.

J. B. Corbet entered the bank's service at New Westminster in 1901, gained his early training on the Pacific Coast and in 1903 was brought to Toronto. From that date until July, 1911, he was attached to head office staff where he gained valuable experience in administrative work which fitted him for the appointment of assistant inspector at Winnipeg in 1911. Since that date he has been continuously at Winnipeg and for the last three and one-half years has been senior inspector of the bank's western business with headquarters at Winnipeg. Mr. Corbet's experience and wide knowledge of western affairs will be of great assistance to the bank in the superintendency of branches in Alberta.

C. G. K. Nourse, the present manager at Calgary, will go to Winnipeg as Mr. Rowley's successor. Mr. Nourse has been many years in the West, having been in the bank's service in the Yukon during the gold-rush from 1898 to 1903, the latter part of the time as manager of the Skagway

branch. In 1903 he was appointed manager at Prince Albert and in 1905 manager at Lethbridge which post he held until 1913 when he was appointed manager at Calgary. His thorough knowledge of western affairs during the last twenty-two years will be of great assistance to him in his new position.

Mr. Nourse will be succeeded in Calgary by A. Maybee, the present manager at Moosejaw. Mr. Maybee spent ten years in various branches of the bank in Ontario before his appointment as inspector's representative in Winnipeg in February, 1903. In September, 1905, he was appointed manager at Brandon where he remained until 1917, when he was appointed manager at Moosejaw.

The particular occasion of these important changes is the retirement of V. C. Brown, who has been superintendent of the bank's business in the Central West since May, 1911.

### THE PROVINCIAL BANK OF CANADA

For the year ended June 30, 1920, the twentieth of its existence, the Provincial Bank of Canada, whose head office is at Montreal, showed a net profit of \$333,882.22. This was after the deduction of all costs of management, provisions for bad and doubtful debts and sinking funds, and is an appreciable increase on preceding annual results.

The inventory of the bank's assets was made with great care and prudence. Expenses in connection with the opening of all branches and agencies of the bank have been

completely wiped out, and the figure representing the valuation of safes and furniture appears in the assets for a considerably reduced sum.

The statement submitted by the directors shows assets totalling \$39,077,524 as against \$30,693,379 on June 30, 1919, an increase of \$7,384,145. On the credit side the total of obligations due to the public for deposit, etc., is \$35,788,363 as against \$25,594,720 in the preceding statement, an increase of \$7,193,643.

As usual, liquid assets form a large part of the bank's assets. Money in cash and in bank amounts to \$9,264,496, which with the bonds of the Dominion of Canada and of the Allied Powers, Canadian Municipal Bonds and loans on demand guaranteed by securities pledged, represent a total of \$26,489,528, being above 74 per cent. of the bank's obligations to the public.

At the annual meeting it was announced that the third issue of capital of one million dollars which was put out on May 31 was oversubscribed by a large margin and was almost completely paid up by July 2, the date fixed for the payment of the first instalment. This new issue brings the paid-up capital of the bank to the sum of \$8,000,000.

In their annual report the directors take occasion to express their gratification at the loyal co-operation of the staff. This co-operation has not been one-sided as the bank has helped to meet advancing living costs by salary increases and special allowances. In addition a sum of \$45,000 was added to the special reserve account for the creation of a pension fund.

With reference to trade with the United States, the report states:

"The balance of trade with the United States this year shows a heavy deficit against our country. We are convinced that it is the imperative duty of Canada to reform its position in this regard, for such an adverse balance is without doubt the first cause of the depreciation of our currency in the United States. An intense utilization of all our resources, economy and production to the utmost extent and most important of all, restrictions in importation of luxuries, will facilitate the task to which of necessity, conditions of the present time oblige us."

#### EXPANSION OF CANADIAN BANKS

A new era in the foreign policy of Canadian banks was opened in the year 1920, Consul Johnston at Kingston has reported to the Department of Commerce. In no

year, the official declared in his report, were so many branches established or so many international connections formed.

"A few years ago," the report stated, "Canadian banks looked with little favor in the foreign field, and the transfer of capital from branches in Canada to branches abroad could not but check in some degree the needed development of the industries and resources within Canada.

"The war has done much to change that view. Not only have leading bankers declared that the Canadian trade in its efforts to secure foreign markets should be booked by the Canadian banks, but the banks have in many instances been the first to enter the new field and have pointed the way to trade expansion.

"The foreign department of one of the Ontario banks has sent its expert to practically every European country to study and report on trade openings. In addition, it has prepared and distributed in foreign countries a booklet setting forth the names of every reputable exporter in Canada, with details of the products he handles. Canadian banking connections extend from South America to South Africa and from the Orient to Vladivostok.

"The experience of a Canadian bank in South America and the West Indies disproves an ancient fallacy. Far from eating up the bank's capital and drawing funds away from Canada, these branches have taken in as deposits more than they have given out as commercial loans.

"The Bank of Commerce, through the British Italian Corporation, has acquired Italian connections. It has a branch at St. Pierre Mignela, does business in Mexico, and is planning the establishment of offices in South America. The Bank of Montreal has its own district branches in the United States, England, Paris and Mexico."

The great increase in the number of branches opened by Canadian banks within Canada since the signing of the armistice—a gain of 1,320 after offsetting those that were closed—has provoked some criticism of the expansion movement from bankers and employees themselves. The manager of a Canadian branch bank writes, in part, as follows on the subject:

"The banks in Canada continue to open branches, two or more, in towns where they must be conducted for years at a loss, duplicating the machinery of finance. They are taking on themselves the burdens of taxation, cost of operation, and in many cases the erection of expensive buildings, when by

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34 Beekman Street, New York

a better understanding between the head offices much of this could be avoided.

"There are in Canada today at least 1,000 branch banks which could be eliminated, leaving the same volume of business for each and the services of at least 4,000 employees which could be utilized among the remaining branches to advantage.

"We have at present 4,700 branch banks in Canada—a bank for every 2,000 population—the average operating cost of each under present conditions being \$6,000 a year. This, multiplied by the number of branches which could be eliminated, represents a very tidy sum, which could be made available for satisfying some of the demands from the staffs, making them more loyal and ready to render better service to the public, and, incidentally, save considerable money for the banks as well as material for more productive purposes. This condition can only be adjusted by amalgamations and a saner system by our bankers.

"Since November, 1918, all banks in Canada have strained their resources to reach out into new fields. They are linking themselves up for foreign trade or reaching out into foreign countries, which is greatly to the advantage of future Canadian trade. Funds expended in this manner may safely be considered an investment, while money spent in operating branches in towns which are over-represented can only be termed wasted."

### IMPERIAL BANK OF CANADA

The forty-fifth annual report of the Imperial Bank of Canada shows net profit for the year ended April 30 to be \$1,379,318.38, after deducting charges of management, auditors' fees, interest due depositors, making provision for bad and doubtful debts and for rebate on bills under discount. The amount

brought forward from the preceding year was \$365,459.66, which, added to the net profit, made a total of \$9,244,778.04, which was disposed of as follows:

Dividends at 12 per cent. per annum .....	\$ 840,000.00
Bonus of 1 per cent. for the year .....	70,000.00
Annual contribution to Officers' Guarantee Fund .....	2,500.00
Pension Fund .....	140,000.00
Special contributions, including taxes .....	180,000.00
Balance carried forward to next year .....	1,062,278.04

The resources of the Imperial Bank of Canada are given as \$128,274,168.19; the reserve fund, \$7,500,000, and total deposits, \$97,784,217.09. The bank's capital is \$7,000,000.

### STANDARD BANK OF CANADA

The forty-fifth annual report of The Standard Bank of Canada, made early this year, shows a prosperous year for this great Toronto institution. The net profits for the year ended January 31 were \$776,310.19, which, added to the balance of profit and loss account, \$227,326.90, brought forward from the preceding year, made a total of \$1,003,637.09. This was appropriated as follows:

Four quarterly dividends at 13 per cent. per annum .....	\$ 455,000.00
Contributed to Officers' Pension Fund .....	25,000.00
Contributed to patriotic and kindred funds .....	8,100.00
War tax on bank note circulation .....	35,000.00
Reduction of bank premises account .....	75,000.00
Reserve for Dominion Income Tax .....	45,000.00
Balance carried forward .....	360,537.09

The assets of the bank for the year increased nearly \$10,000,000, the net profits increasing about one per cent. over those of the previous year. The dividend of 13 per

cent. which had been paid for seven years was advanced to 14 per cent. Deposits by the public showed an increase of \$8,049,464, a gain of 12.2 per cent. During the year twenty-one new branches and sixteen sub-branches were established by the bank, making a total of 175 in existence.

The bank has foreign correspondents or agents in South Africa, Australia, Belgium, Bermuda, Brazil, Central America, Chile, China, Colombia, Cuba, Denmark, Ecuador, Egypt, England, France, Greece, British, Dutch and French Guiana, Hawaii, Holland, India, Ireland, Italy, Japan, Mexico, Norway, Portugal, Peru, Roumania, Russia, Scotland, Spain, Sweden, Switzerland, Venezuela and West Indies. In the United States it has banking connections in New York, Boston, Buffalo, Chicago, Detroit, Minneapolis, New Orleans, Philadelphia, Rochester, San Francisco, Seattle, St. Louis and Toledo.

The bank was founded in 1873, and in 1876 had \$501,250 capital, \$396,129 deposits and \$1,277,170 total assets. Since then capital has been increased to \$4,500,000, deposits to \$74,019,022 and total assets to \$93,405,405. While in the reserve fund has been accumulated \$4,500,000, despite a gradually increasing dividend rate from 6 per cent. to 13 per cent., and finally 14 per cent.

The officers of the bank are Wellington Francis, K. C., president; Herbert Langlois, vice-president; Charles H. Easson, general manager; John S. Loudon, assistant general manager, and E. A. Bog, chief inspector. Other inspectors are A. A. Drummond, F. H. Gray, J. Phillips and H. S. Loudon. N. C. Stephens is manager of the foreign department.

#### STERLING BANK OF CANADA

The fourteenth annual report of the directors of The Sterling Bank of Canada for the year ended April 30 was presented at the meeting, May 18, of the bank's share-

holders. The net profit for the year, after deducting management expenses, etc., was \$251,346.48. This, with \$40,909.97 brought forward from the preceding year, was disposed of as follows:

Four quarterly dividends at 7 per cent. per annum .....	\$ 85,883.86
To contingent account for depreciation of assets .....	70,000.00
Written off bank premises.....	20,000.00
Taxes .....	23,429.73
Transferred to reserve fund.....	50,000.00
Balance of profits carried forward	42,942.86

The Sterling Bank of Canada since 1907 has grown as follows: Profits, from \$27,206.17 to \$251,346.48; capital, from \$774,724.95 to \$1,229,570.04; assets, from \$3,428,956.13 to \$26,375,867.77; deposits, from \$1,906,401.64 to \$17,476,021.39. As proof of the good condition of the bank, the president, G. T. Somers, in his address, gave the bank's increase in earnings for the year as 17.6 per cent.; the increase of assets, 35.6 per cent.; increase of readily available assets, 40.46 per cent., and current loans, 30.69 per cent.

Thirteen new branches were opened during the year, eleven at Ontario, at Beaverton, Duntroon, Golden Lake, Lansing, Marlbank, Myrtle Station, Newtonbrook, Norwood, Port Rowan, Richmond Hill, St. Williams; in Manitoba, at Birnie, and in Saskatchewan, at Hanley.

#### ROYAL BANK OF CANADA

In its statement as of July 31, 1920, the Royal Bank of Canada shows total resources of \$584,579,369.65 and deposits of \$479,623,830.13. In the same statement undivided profits are \$1,096,418.74; notes in circulation, \$40,959,871.74; cash on hand and in banks, \$114,427,828.60; deposit in the Central Gold Reserve, \$23,000,000; Government and Municipal securities, \$35,631,623.14; railway and other bonds debentures and stocks, \$16,218,238.69; call loans in Canada, \$13,745,753.38; call loans elsewhere than in Canada, \$56,105,943.39; loans and discounts, \$305,191,442.29.



# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FOURTH YEAR

OCTOBER 1920

VOLUME CI, NO. 4

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## The Wall Street Tragedy

The deed is the deliberate expression, in so-called "direct action," of demagogic politics and demagogic journalism. The constant branding of Wall Street as a sink of iniquity and a lair of thieves reaps its horrible harvest in the destroying bomb of the anarchist.—*Brooklyn (N. Y.) Daily Eagle.*

**W**ALL STREET has long accepted with perfect meekness the bad reputation given it by all those who seek to make political or personal capital by attacking that locality as the center of the "money power." Men eminent in public life have joined in this attack, and investigating committees of the House and Senate have sought, and not infrequently with success, to make political capital by turning the searchlight of public investigation upon the doings of the street. One of the most notable examples of this was the investigation of the Pujo Committee prior to the enactment of the Federal Reserve Act. This investigation started out on the hypothesis that there was a "money power" which must be curbed, proved its case, and then proceeded to cure this evil by the enactment of the Federal Reserve Law. It was a piece of cheap politics, though not lacking in spectacular and effective appeal to a public mind constantly inflamed with these demagogic attacks.

Wall Street never seemed to take any special pains to repel the assaults made upon it by politicians. Whether this was due to the fact that it was nobody's business in particular to undertake this task, or because of indifference, or because of the fear of defending a locality with so bad a name, does not appear. At all events, Wall Street was silent.

It is therefore not to be wondered at that the public gradually attached to Wall Street the same ill reputation given it by the demagogic politicians. Nor is it specially surprising that those who regard the whole capitalistic system as iniquitous should conclude that a physical blow at its most conspicuous center would be the most effective way of calling attention to this evil system. The tragedy of September, therefore, in which a number of people lost their lives and many others were injured, was in part due no doubt to the inflammatory attacks upon Wall Street made by demagogic

politics and demagogic journalism. And for this the public which tolerates this sort of thing, and seems to approve of it, must be held strictly to account. If we applaud the sowing of the doctrine of class hatred, we cannot complain of the harvest which it must inevitably bring.

## Capital and Labor

There is no reason why the sharp division between the owner of capital and those who work its machinery should be maintained. Under an ideal capitalistic system every worker would be a capitalist and every capitalist would be a worker. And this is an ideal quite within the bounds of possibility.

—“The Case for Capitalism,” by Hartley Withers.

**L**IKE many ideal conceptions, this one may prove less perfect in application than it appears in contemplation. The fact is that the wage-earner enjoys an enviable exemption from many of the trials and perplexities which beset the capitalist, especially where the latter is not merely an investor but himself the director of enterprises for whose success he may be largely responsible. Then there are the by no means inconsiderable worries of making out reports to the various governments regarding taxation and other matters. Employees, with their wages in hand, can dwell in security, while often the employer must feel deep anxiety as to his ability to meet future payrolls or to keep the concern out of bankruptcy. The large annual mortality among business enterprises of all sorts proves this to be no idle fear.

When, therefore, employees become part or entire owners of the establishment in which they are employed they must expect to assume duties and obligations from which they now are free. But by incurring these greater risks and worries they will at the same time be given the opportunity of acquiring through this disciplinary process the skill which would help them to surmount these new difficulties. Probably, in the long run, the result would be to make the workers in industry more self-reliant than they now are. It must not be forgotten, however, that while becoming part owners employees as a whole might gain a larger share of the profits than they now receive, in individual cases there would be serious losses and some resultant hardship.

The real gain from the proposed change would probably come from the increased interest it would stimulate among workers, in the feeling that it would give them that they were working for themselves to a greater extent than formerly. Perhaps they might incidentally learn also that the rôle of owner has its drawbacks as well as its advantages.



Mr. Withers says that his ideal is within the bounds of possibility. Its realization depends upon the ability of wage-earners to save and the awakening among them of a desire to become investors in the industries in which they are employed. This should tend to remove some of the real or fancied barriers which now separate employers and employees into distinct classes whose interests are assumed to be more or less antagonistic.



## Strikes as a Remedy

**I**T has been frequently pointed out that strikes are an evidence of prosperity, since these manifestations of industrial unrest are most common when labor is well employed. But little unemployment also means, as a rule, good wages. At present, wages are high, at least in terms of dollars, though the actual wages as expressed in terms of what the dollar will buy make a less favorable showing. There is not much unemployment, taking the country all over. And while at the moment of writing there are no widespread strikes such as tie up whole industries and transportation, there are a good many strikes of rather large proportions in various localities.

Considerable trouble is being experienced by street railway companies in keeping their men satisfied. The street railways are somewhat in the same predicament as the freight and passenger railways; their costs and wages have gone up, but in some cases they have been denied what they claim is the only remedy—an advance in fares.

Their problem is perhaps harder than that of the other transportation lines, for the reason that they do not sustain such an important relation to the community at large, and because they lack the political power inherent in the large numbers of railway employees engaged on the great transportation lines.

Public sentiment had been aroused against both these systems of transportation because of financial exploitation and more or less disregard of the public welfare. The big railway systems have quite generally removed these objections by more seemly behavior, and the street railways, though somewhat belatedly, are trying to follow their good example.

In seeking to fix the blame for conditions causing men to quit work in a body it is quite customary to charge it all to capitalism or to labor. But few seem to realize the culpability of the public generally. If we permitted great financiers to make the railways their financial footballs for years, who is to blame? Do the citizens who sit still and allow the financial squeezing of a street railway to

proceed until it is squeezed dry have any just grounds for complaint against others when the service becomes wretched and the employees quit work? And if no other remedy for the high cost of operation exists save through increased fares, are not the people themselves to blame for allowing politicians to prevent the application of this remedy in the hope of forcing municipal ownership and operation?

In the case of strikes in all public utility enterprises the public can hardly hope to escape responsibility. All of these cases require alert attention on the part of the public. If underlying conditions are wrong, they should be investigated and justice done. As clearly should it be the rule to deny advance in wages, where not justified, under the threat of coercion of any kind.

The responsibility of the public with reference to strikes in private industries is less evident, and here the common sense of fairness of employers and employees must be relied on for the maintenance of amicable relations.

Where labor has a real grievance as regards general working conditions, hours, or wages, the complaint should be thoroughly investigated and the remedy applied if one is possible. If the complaint is without just cause, it should be ignored. All this is platitudinous, of course; and yet there remains little else to be said.

We shall approach nearer the reign of industrial peace when labor, capital and the public all have a clearer conception of their obligations and greater determination of fulfilling them.



## Retaliatory Policy Against Foreign Branches of American Banks

**T**HE policy of foreign nations in restricting the operations of branches of our banks just as we restrict their branches goes steadily forward. One of the latest examples of the application of this policy occurred in the British West Indies, where the branch of a New York bank was informed that it would not be allowed to receive deposits. There is some belief that similar restrictions are to be imposed upon the branches of our banks in other British colonies, and probably throughout that empire generally.

As long ago as 1911, the editor of *THE BANKERS MAGAZINE* pointed out that our restrictions against branches of foreign banks was certain to provoke a policy of retaliation, and has repeatedly urged since that time that our banking laws be liberalized in that respect. Nine years ago the matter was of far less importance than it is now. Our banking and commercial relations with foreign coun-

tries have developed to an extent which demands a more enlightened view of the question than the restrictive legislation represents.

The subject would appear to be one inviting careful investigation and study and might with propriety receive the attention of the American Bankers' Association and of organizations interested in the promotion of American commerce with foreign countries.

Intelligent legislation on the subject cannot be had until we have a knowledge of the present status of the laws of other countries relating to our banks, as well as the state laws which restrict the operations of branches of foreign banks here. It would serve a useful purpose also if some definite expressions of opinion could be collated showing the views of American and foreign bankers with respect to the matter. Do American banks want complete liberty of operation in other countries? Do they value this freedom so highly as to be willing to exchange for it like privileges to foreign banks having branches in the United States? How do the governments of the world view the subject as a part of their general economic policies?

The policy of restriction and retaliation in regard to branch banking savors much of the practice of economic boycotting and trade wars. It is not an enlightened policy, and should be abandoned. The change need not be urged on altruistic or international grounds. It is quite sufficient to know that if we ourselves would take a more liberal attitude toward branches of foreign banks this would tend to insure a friendlier attitude on the part of foreign countries toward our branches. This greater freedom of financial operations by these enterprising banks would improve immensely the financial and commercial relations between all countries. In the present stage of the world's business nothing is to be gained by throwing a monkey-wrench into the financial machinery. The mechanism is creaking badly and needs oiling. Reciprocity instead of retaliation is the policy dictated by enlightened self-interest and by common sense.



## Co-operation in International Banking

ONE of the latest developments of our international financial relations consists of the organization of banks under joint American and foreign auspices for the purpose of conducting business in various quarters of the world. This is a development which may be expected to continue, especially if the alliances already formed work out satisfactorily.

Obviously, such an arrangement has certain advantages. Take the Near East, for example. The Greek and Italian banks, owing

to their being in closer touch with that part of the world, have a better understanding of the financial and commercial conditions in that part of the world than could rightfully be expected of American banks. On the other hand, the American banks at this time may be in a position greatly to supplement the services which the Greek and Italian banks are able to render. There would thus appear a real basis for international co-operation between the banks of the countries named and those of the United States. The example given could no doubt be multiplied several times.

Both from a business standpoint and viewed as a means of bettering international relations, such co-operation would seem to have much to commend it. Propinquity usually means a better understanding of conditions, of credits, trade and language. American banks, through co-operating with native banks in a joint organization, might make much better progress in some quarters than where, with limited experience in the foreign field, they attempt to set up their own independent institutions. Such co-operation ought to work well enough in those countries especially requiring additional banking facilities, and where there exists a basis of co-operation between the banks of the United States and those of other countries.

As regards the banks of the United States and of Great Britain such a basis hardly exists. Each country has great and strong banks, and each no doubt wishes to develop its own independent policy of international banking. Of course, within certain well-defined limits, very close co-operation has long existed between American and British banks, and such co-operation may be expected to continue.

There are many sections of the world where American and local banks could unite in carrying on operations to the mutual advantage of all concerned. Such banking co-operation has already begun in several quarters, and it may be expected to develop in accordance with the need for it and as experience proves its success.



## Banks Extending Their Bond Business

**I**N separating its securities business from its general operations the Guaranty Trust Company of New York has taken a step which indicates the importance which the handling of securities has reached as a function of American banking. A similar course had already been pursued by a number of other leading American banks. It is announced that the business heretofore conducted by the bond department of the Guaranty Trust Company of New York will be taken over by the Guaranty Company of New York, the

entire capital stock of which is owned by the Guaranty Trust Company. There will be no change in the policy or management. This separation is therefore one of corporate organization only, and is made because the great growth of the Guaranty Trust Company's business in securities has made necessary a type of organization which is free to render the fullest scope of services by means of its own branch offices throughout the country.

The growth of the investment business of banks and trust companies constitutes one of the remarkable phases of recent banking history in the United States. This particular phase of banking service is by no means exclusively confined to the great banks in the large cities, but a growing number of comparatively small institutions are coming to act as retail distributors of high-grade investment securities. This development would seem to constitute a natural and healthful extension of the ordinary functions of a bank. As the individual turns to a bank for credit, what more obvious than that he should likewise go to the bank when he himself has funds to lend out?

Of course the contention is made that a bank being a dealer in liquid credit should keep itself clear of fixed investments. There is also the objection that banks may have, in some cases, a tendency to recommend the purchase of securities they want to get rid of rather than those they really believe that the investor ought to buy. As this objection constitutes an indictment against the probity of bankers as a class, it is rather too sweeping to warrant denial. Probably the very reverse of this disposition would obtain among bankers, and that they would be extremely cautious about recommending other than the highest type of securities, because they would understand well enough that only in this way could they keep their most valuable asset—the good will of the community.

The old idea, that in establishing a bond department a bank thus endangered its deposits, appears to be pretty well exploded. Plenty of banks have found that, in actual practice, their selling of securities increases their deposits. It is certain enough that if the activities of the banks in this direction should result in greatly adding to the number of investors (and this result must be inevitable) the number of bank depositors and the volume of deposits as well would both show gains, for savers and investors are the classes whence bank depositors and deposits are recruited.

If by using the banks to distribute securities at retail the volume of salable investment securities should be largely increased, the existing bond houses and investment concerns would be the gainers, for they would do more business. These institutions render a most necessary expert service, and as first-hand buyers of bonds in large volume they must be equipped to make investigations and to exercise judgment quite beyond the capacity of the

ordinary bank. But when the bond and investment houses have performed this indispensable service, they might well utilize the numerous banks with their immense clientele as auxiliaries in the distribution of the securities, which would go to the banks with this stamp of expert approval and to the public with this plus the prestige conferred by being offered through a local bank.

The beneficial results would consist of a further development of the savings habit, the gradual building up of a permanent class of investors, with the great help both to our foreign and domestic industrial and commercial situation which would certainly flow from these sources.

The smaller banks engaging in the security business have not a sufficient volume of it to warrant them in organizing a separate corporation to handle it as has been done by the Guaranty Trust Company, but many banks have established well-equipped bond departments which are rendering a service of great value to the community. No doubt, in the case of an organization like the Guaranty Trust Company, this business can be most efficiently handled through a special type of corporation. But whether the selling of securities is to be conducted through a bond department or a specially organized corporation owned by the shareholders of a bank, the public will know that in either case they are dealing with a concern carrying definite responsibilities.



## Proposed Cancellation of Europe's Indebtedness to the United States

**T**HE Brussels Financial Conference served to revive the proposal that the amount of war loans owing by several European nations to the United States should be cancelled. In favor of this proposal the argument runs something to this effect: the United States did not come into the war until about the time it was reaching the final stages and did not make anything like the same contribution in men or money as did the nations of Europe involved in the controversy; therefore, we should make up for this deficiency by foregoing repayment of the debt to us. It is also contended, in justification of this rather unusual proposal, that since Great Britain and France will be unable to collect large amounts due them from some of the other European nations, they can hardly be expected to pay what they owe the United States.

In examining this appeal to American generosity, two aspects of the case are to be considered. First, the appeal may rest upon purely sentimental grounds. Both France and Great Britain

have been sorely tried by the war, and are therefore deserving of our sympathetic co-operation. No other opportunity for showing this sympathy in a practical form compares with that of either forgiving these debts altogether or postponing their payment, both interest and principal, to an indefinite time. This view has much to recommend it, although in not every case does refusal to ask for payment of a debt justly due excite feelings of gratitude and friendship in the minds of the recipients of such favors. Looked at from a purely business standpoint, the proposal does not show up quite so well. To begin with, both France and Great Britain, despite the tremendous losses sustained in the war, are nations of great wealth, possessed of immense colonial territories, no small part of which was gained in the course of the war. That they will be able to pay their debts in full, with time to do so, can not be doubted. As a matter of sound business and financial policy, as a matter of self-interest to these countries, they can not afford to adopt or even to countenance any other policy.

Just now the United States is being looked to as the chief source of supply for European nations desiring credit. But what expectation of success can rest upon a plea of inability to pay on the part of the two foremost European nations? Many of us here in the United States are laboring with voice and pen in an effort to create in this country a favorable disposition toward the buying of European securities. But what hope of success can we have when it is once understood that while these securities may be sold here they may never be paid?

For the sake of Great Britain and France, for the sake of all countries hoping to procure loans in the United States, it must be plainly said that these covert suggestions looking toward debt repudiation are exceedingly harmful. It is going to be no easy task at the best to create in the United States a wide market for European securities. With talk of repudiation, it will be impossible to do anything in that direction.

In a very practical way by paying the Anglo-French loan due here last month France and Great Britain showed not only their intention and willingness to pay us what they owe but also the ability to do so. That is the best way to preserve credit, and the surest basis for asking fresh loans.

It must be said, however, that America does owe an obligation both to France and to Great Britain and to our own people as well. That obligation consists of the duty of handling these loans with careful regard to the welfare of our creditors. To insist on immediate payment is not only harsh but probably under all the circumstances unjust as well. It is also poor business policy. Indeed, since sound business relations should rest upon a basis of regard for the welfare of those with whom you deal, it is probably un-

necessary to invoke any other consideration in handling this matter.

Very likely the leading financial authorities of Europe coincide with the views above expressed, for they thoroughly recognize the foundations of credit. But the proposal that the United States should forego the collection of its European loans altogether is revived from time to time in quite high circles. The proposal is injurious, and to none more so than the very nations in whose behalf the proposal is put forth.



## Neglected Banking Opportunities

Some Thoughts Provoked by a Study of the Report of the  
Postmaster General

By John Kane Mills

**T**HERE are four possible titles to this article, viz.: "Uncle Sam as a Banker," "Leakage of Foreign Exchange Through the Post Office," "Are the Banks Doing Their Duty to the Public?", and "Neglected Banking Opportunities." These four different, yet co-related, trains of thought are brought to the attention of any student of American banking conditions through a perusal of the report of the Postmaster General. The purely banking figures of the report, which jump out of the printed page and register themselves on the mind with an exclamation point, are the following: Deposits in postal savings banks exceed \$167,000,000; domestic money orders amount to over \$1,000,000,000 a year; the Post Office sent nearly \$29,000,000 out of the United States and got only a little more than \$5,000,000 back; lastly, there was a profit in the money order business of over \$7,000,000.

These figures will probably cause a first feeling of gratification to the average citizen. Here is a department of the Government that is not only render-

ing service, but is doing business at a profit. The poor man can have a bank account in any one of some 6,000 post offices in the United States without the formality of an introduction, without an embarrassing question as to the probable size of his deposit and with the assurance that interest will be automatically credited to him. He can send money not only all over the United States, but to any foreign country, with safety and dispatch. Yet, when the figures are analyzed, it will be seen that private enterprise is more efficient in these departments than is the Government; that the Post Office does nothing that the private banker is not equipped to do, and that the banker can and does do a similar business in a far more economical way to the public at large. Post office banking and postal transmission of money is not economically sound. Why, then, is there such a huge business in money orders?

Before answering this question, a study of the figures will be advantageous. The following table is made up



from an abstract of the Post Office balance sheet:

**TOTAL MONEY ORDER BUSINESS  
FISCAL YEAR 1919**

Money orders issued in the U. S. ....	\$1,120,546,968
Foreign money or- ders issued .....	28,831,960
<b>Total .....</b>	<b>\$1,149,378,928</b>

Foreign money or- ders paid.....	\$ 5,434,547
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**GENERAL MONEY ORDER REVENUE  
ACCOUNT**

<b>Audited revenues—</b>			
Fee for issuing do- mestic mo'y orders.	\$8,637,064		
Fees for issuing for- eign money orders.	345,860		
Commission allowed U. S. for payment of orders issued in foreign countries...	53,408		
Gain on foreign exch.	582,067		
Gain on conversion of funds. ....	30,311		
			<b>\$9,669,664</b>
<b>Audited expenditure—</b>			
Commission allowed postmasters for iss- uing money orders.	\$2,015,612		
Commission allowed foreign countries for payment of orders issued in the U. S..	113,710		
Interests on deferred pay'mts to Norway.	42,737		
Incidental expenses...	268		
			<b>\$2,172,330</b>
<b>Losses—</b>			
Burglary, fire and casual- ties .....	\$6,936		
Bad debts, etc. late p. m. accounts ..	2,994		
Compromise debts. ....	767		
Balance due postmasters	27	10,671	2,183,001
Revenue from the money order business.....			<b>\$7,486,663</b>

There were issued in the fiscal year 1919, 132,587,919 domestic money orders. The average face value was \$8.46. For the accommodation of having the Post Office write a check, the public paid on an average of six and a half cents per check. The average face value of each foreign money order issued was \$16.95, and the average cost was twenty cents. Including the fees

paid by the public and the gain through foreign exchange, but not including interest on the money while in transit, the foreign business of the Post Office was conducted at a profit of 3.3 per cent., which is rather a large fee to pay for the privilege of transferring funds to foreign parts.

There are many bankers who would enjoy writing checks all day if they not only had the use of the public's money until the checks were finally presented for payment, but, in addition, were paid six and a half cents apiece to write them.

It is therefore evident that the money order business now transacted by the Post Office is an attractive field, not only in its totals, but in the larger sense that there are a great many people in America who ought to have bank accounts and who do not avail themselves of a bank's conveniences. In this connection, the figures for the postal savings banks are of interest. At the close of the fiscal year 1919, there were 565,509 depositors, with \$167,323,260 to their credit. Thus the average per capita deposit was \$295.88. Now, there are approximately the same number of national banks as there are post offices, viz.: about 7,000. If postal banks were eliminated, the average gain to each national bank in average deposits would be \$24,000, provided that all these deposits were shifted to national banks. In its aggregate, the gain of \$167,000,000 of new money by the banks would to some extent relieve the credit stringency and at all times could be profitably employed.

No statistics are available of the location of postal savings accounts by states. The money order figures, however, have been divided up not only by grand divisions of the country, but also by states. A comparison of amounts and population, therefore, will be of interest in order to show whether any particular section of the country is backward in banking education. The following table is based on post office figures regarding amounts and on estimates of population as given out by the Census Bureau:

## DOMESTIC MONEY ORDERS ISSUED

	Number	Value	Average	Population	Per Capita
New England States.....	9,155,934	\$ 81,639,203	\$ 8.92	7,447,000	\$10.96
Eastern States .....	25,376,884	255,863,079	10.09	24,909,000	10.27
Southern States .....	34,381,281	249,560,905	7.24	29,466,000	8.47
Middle Western States...	38,161,323	292,248,303	7.92	28,429,000	10.28
Western States .....	13,725,919	99,809,011	7.29	9,424,000	10.61
Pacific States .....	10,832,729	106,394,864	9.82	7,185,000	14.81
Insular Possessions* ....	953,849*	35,031,700*	36.73*	.....	.....
Totals.....	132,587,919	\$1,120,546,968	\$ 8.46	106,871,000†	\$10.49†

\* Includes sums forwarded to soldiers.

† Excludes insular possessions.

Every man, woman and child in the United States transfers on the average of \$10.49 once a year. The per capita amount so transferred runs about even for four grand divisions of the country and varies perceptibly in only two. These are the South and the Pacific Coast States. The low rate for the South can be accounted for by the large number of negroes, whose average wealth is small and who through illiteracy and a disinclination to travel, together with weak family feeling and a lower scale of living, are not in the habit of sending money away. The high rate per capita for the Pacific States is probably due to the scarcity of banks or to an unwillingness to make use of banking facilities. If, however, the average of each money order be taken as a criterion of the country's relative prosperity, it will be seen that although the Eastern States lead, yet that the Pacific States are a close second, nearly a dollar ahead of the next competitor, New England, and more than a dollar ahead of the average. The figures for the insular possessions are given simply for reference and must not be taken as authoritative, as over \$27,000,000 of the \$35,000,000 is made up of the item "Postal Agency, France," through which medium passed most of the money transferred to soldiers by their relatives, and vice versa.

Having thus ascertained the facts, it would seem that here was a field which the banks, especially those in the country, should invade. It is not economical for the nation, as a whole, that citizens

should pay the Government \$9,000,000 to do a service which many established banks would do and be glad to do for nothing. Furthermore, the mere fact that banks sought the business of furnishing cashiers' checks for the payment of accounts due at a distance would bring the public in closer touch with their local financial institutions and inevitably eventually increase the number of depositors. There is no reliable estimate of the amount of money hidden away in the stocking behind the loose brick in the fireplace. The fact that there is over \$54 of money and notes in circulation per capita in the United States, and that the average city man does not carry anywhere near this amount around with him ordinarily, must lead to the conclusion that a vast sum of money is hoarded mostly in the rural communities. The percentage of farmers who have bank accounts is pitifully small. It is only necessary to attend a country auction and watch the payments to see that the greater number of purchases are settled in money and not by check. It is these people who most use the Post Office when they have money to transfer for their payments to the mail order houses and in sending money to relatives. If the banks explain to them that a cashier's check can be obtained, payable anywhere and without cost, not only will they transfer their money through the banks, but little by little and in ever-increasing amounts start to educate themselves into the idea that the bank

may be a pretty good place after all in which to place their savings.

Similarly, in transferring money abroad, the banks have a chance to cut deeply into the government business by reason of the fact that the Post Office was slow in adjusting itself to the recent fluctuation of exchange with the result that many who bought money orders to send to relatives living in countries of adverse exchange found that they were not getting the advantage of the lower rates. This sending of money out of the country has a greater banking importance than the figures indicate, as every dollar sent abroad as a present to "home folks" means just so much capital withdrawn from the country at large. The total amount of international money orders issued was \$28,829,744. To this total should be added \$10,934,117 of domestic money orders paid in foreign countries, making the full amount of our export orders come to \$39,763,861. In former years, however, the totals ran to over \$100,000,000 and now that Europe is settling down, it probably will not be long before the pre-war figures are not only regained, but overtaken.

The details of the foreign business are as follows:

International money orders issued to—	Amount
Great Britain.....	\$10,883,261
Italy .....	6,132,023
Japan .....	3,969,631
Sweden .....	1,993,592
Mexico .....	1,735,919
France .....	1,306,494
Norway .....	940,655
Other countries .....	1,868,169
<b>Total .....</b>	<b>\$28,829,744</b>
<b>Domestic orders paid in foreign countries .....</b>	<b>10,934,117</b>
<b>Grand total.....</b>	<b>\$39,763,861</b>
<b>Totals of other years—</b>	
1902 .....	\$22,974,473
1904 .....	42,550,150
1906 .....	63,047,868
1908 .....	88,972,388
1911 .....	109,604,639

1913 .....	102,668,288
1914 .....	101,963,428
1916 .....	46,357,386
1918 .....	25,938,964

It will be seen that the totals, even for an off year such as the last fiscal period proved to be, follow closely to the percentage of immigrants that have come to us from the various countries. Of the domestic orders paid in foreign countries over eight million is accounted for by money sent to Canada.

As to the means by which this business can be secured by the banks and the hidden wealth of the country made productive, many ideas will doubtless occur to those charged with the task of securing new accounts for their respective institutions. The thought, however, occurs to the layman that much more can be done by advertising than is done at present. Only too often, banks consider that they have done a great and impressive piece of publicity by simply printing their balance sheet. The figures may be imposing, but it is doubtful if they appeal to the prospective depositor. This kind of advertising most certainly will not appeal to the class who are now using the Post Office for their financial transactions. Seeing in print the figures 40,000 and 4,000,000 conveys little to their minds. The four is driven in but the rest of the figures are merely ciphers and whether or not there are one or two more at the end of the row does not make a great deal of difference to them. Of course the law requires publication at certain times, but on all other occasions it would seem, particularly in the case of the smaller banks, to be wise to tell the banking story in a straightforward way and seek to impress the prospect more with the value of banking conveniences than with a recital of the bank's wealth and strength.



# The Double Shift as a Means of Increasing the Efficiency of Bank Employees

**W**ITH the largely increased business of most of the banks in these days, and the consequent greater burden of work put upon employees, it has become necessary to devise means for meeting these unusual demands. How one bank has met this problem is told in an instructive way by "The Anglo-South," published by the Anglo-South American Bank, Ltd.:

Three months have passed since the inception in the bank of the double shift system, and it is now possible to give some idea of the results which have attended this experiment. We say "some idea" advisedly, for it will easily be understood that a final verdict as to the advantages and drawbacks of the scheme cannot be given after so brief an experience. So far as can be judged, however, the experiment has been an almost unqualified success, and it has been shown to have advantages both from the standpoint of the bank and from that of the staff which assure its continuance, at any rate so long as the condition of congestion endures.

Department "A" reports:

This department requires to be fairly heavily staffed during the day. For practical purposes it is divided into six distinct sections, each under the charge of one of the more experienced clerks who is responsible for the working of the section. In cases where the second on the section is sufficiently experienced to take charge, number one on the section, unless other circumstances preclude it, is permitted to go on the shift—an arrangement that is always welcomed for the increased personal liberty and opportunity that it affords.

Holidays and sickness and balance work necessitate at certain times constant rearrangement, at any rate among the more experienced. The supervision of the detail working is under the charge of the second in the department. The ordinary office hours apply to him and the next senior Hitherto, so far as they are concerned, these hours must have been regarded as an elusive minimum, but with the shift system in operation they are becoming more of a practical possibility. When Nos. 1, 2 or 3 in the department are absent from any cause, No. 4, taking the place of No. 3, works the ordinary hours. The great majority work on the three-shift system: 8 to 3, 9.30 to 5, 3 to 10, the hours worked on the fourth week being the same as those on the first. In

one or two cases the 8 to 3 and 3 to 10 apply. Anyone on the 3 to 10 shift obtains automatically a Saturday holiday.

Those on the 8 to 3 shift lunch at 11.45, those on the 3 to 10 dine at 7 p. m., the remainder being divided through the other meal times, so as to conform with a standing arrangement with the kitchen authorities.

The time table for the following week is worked out on Thursday, and if any alterations in timing are necessary these are intimated to those concerned. Occasionally, objection may be taken to the change, and this, when considered reasonable or expedient, necessitates a fresh arrangement, sometimes by calling upon the good nature of another. Annoying, but instructive. An increase in the "lates" might have been looked for, but exactly the contrary has occurred. Since the shift came into operation the department has what is practically a clean sheet in this respect. It seems easier to get to the office by 7.50 a. m. than by 9.35 a. m. There is no delay in getting to work, nor is there any time wasted over meals. The benefit to health has been enormous, and is apparent to anyone acquainted with the staff.

Changing conditions in recent years have added to the weight of working in some departments of the bank. For example, the increasing complexity and scope of the bank's business, and the multiplication of mail routes, make it no longer possible to arrange the work on the lines of, say, ten years ago. A weekly service to the Plate and a fortnightly sailing via Magellan then filled the mail sheet, and this, although short of the ideal of an inward mail on Monday and an outward one on Friday, was a very easy base on which to work.

A constant flow in and out—sometimes an irritating dribble, sometimes a sudden flood—gives little opportunity to keep the desks clear. With the shift system, work which would normally not be completed under a day and a half is nearly always finished in one, and that which would take three in two—a saving of twenty-four hours to the client. Again, it is often possible to oblige a client, who through some circumstance can only get in touch with us late in the afternoon, without the inconvenience (or discontent) inevitable under the old system.

As regards the effect on the work of the department, the system was started when this was heavily in arrears, and the staff as a whole thoroughly run down. Two courses were open, either to employ the new recruits to the department on overtime, so as to clear the quarterly balance

as soon as possible, or allow the balance work to take its chance. To adopt the first course would have had the effect of throwing a further heavy strain on those members of the staff who were much in need of rest. The consequent delay in completion of the balance work naturally held up the ordinary work, and it was not until the middle of May that all arrears in the ordinary work of the department were overcome. Since then fresh troubles in the shape of sickness have had to be faced, and the volume of business, usually at its lowest at this time of the year, has lately been abnormally large. In certain sections indeed it has suddenly jumped to four or five times the pre-war volume, but thanks to the change it has been possible to deal with this promptly.

It can honestly be said that it would have been impossible to do this under a system based on ordinary office hours.

In Department "B" the experience was as follows:

With the same desk space it has been possible to increase the staff by 50 per cent. with much greater comfort to the individual, and this has, in fact, been done.

No very exact comparison can be given of the amount of work put through in this department, but since the double shift was inaugurated there has been no recurrence of arrears, and more time has been afforded for extra routine work. Further, the necessity for working overtime has practically ceased and, whereas previously each person on an average had to work late two nights per week, the only overtime worked under the new conditions has been a few hours occasioned directly by the temporary shortage of staff due to illness.

No difficulty has been experienced in interweaving the shifts; indeed it is considered that the work on the whole has been, if anything, more sustained.

This department reports a slight increase in errors on the whole, but this should not be considered to be a defect arising from the shift system, being attributed, in fact, to the increase in the staff by the addition of clerks untrained in the particular work of the department.

The above reports show the advantages derived from the scheme by the individual departments in the bank, but the effect upon the work of the bank as a whole is equally important. Here, again, only benefits are reported. Those departments which are interdependent to a greater or less extent have found that their work is facilitated

by the greater regularity and greater rapidity with which matters come forward from other departments of the bank. Such being the case, it follows that business can be dealt with more expeditiously even in those departments in which it has been considered unnecessary or undesirable to adopt the double shift. For matter reaches the special quarter concerned much more rapidly than under the old conditions. This applies not only to the immediate transactions of clients at the head office, but also to all transactions with the branches, and one further general advantage which may be said to have been achieved is the reduction of errors and omissions resulting from the greater expedition with which any particular matter can be dealt with.

Generally speaking, then, the double shift system has allowed of an appreciable speeding up in output, for with a definitely limited office and desk space the employment of anything up to twice as many hands has been made possible. The difficulty which it was sought to cope with has thus been definitely overcome for the time being, and, while it is not yet conclusive, the experience of the past few weeks certainly goes to suggest that the principle of the double shift has come to stay.

So far we have dealt with the matter entirely from the business standpoint, but it is interesting to note from the accounts received from the various departments that the principle has been quite a popular one with the staff itself. How far novelty is responsible for this remains to be seen, of course, but amongst the reasons put forward for this popularity are the greater comfort experienced in traveling and the better opportunities afforded for recreation. As to the truth of the first of these points, there can be no question, and the second seems to be equally sound, for both shifts secure several hours of daylight for sport or other forms of recreation instead of the shortened evening which was customary under the old conditions. The advantage may perhaps best be gauged by the fact that the early shift has daily opportunities for recreation almost equal to those which a few years ago were obtainable only once a week, each day, in fact, being like a Saturday half-holiday under the old conditions. As the personnel of the early and late shifts change over each week, all the members of the staff in turn secure the advantage of the long afternoon and evening, and it is to this, undoubtedly, that the popularity of the system is largely due.



# The Banker and the Motor Car

A CHANGE of the banker's attitude towards the motor car industry has become marked of late and frequently commented upon. The reason for this can be found largely in the banker's growing realization that the automobile is not a luxury but a necessity. Convincing proof of this is furnished in the report of an investigation made amongst car owners by the National Automobile Chamber of Commerce from which we quote in part as follows:

"Ninety per cent of the owners reported that they used their cars more or less for business, while ten per cent stated that their automobiles were for recreation use only. The average increased efficiency of the car owner is 56.7 per cent. A number report but small gain in productivity, but this is heavily overbalanced by the testimony of the farmers who have added nearly seventy per cent to their labor effectiveness, and by the doctors and salesmen whose business is doubled, tripled and in some cases quadrupled through use of the car.

"The use of the passenger car, accordingly, has meant a net gain to industry of 3,000,000 men. There are more than 7,000,000 automobile owners in the country, each increasing his efficiency 56.7 per cent through the use of the car, making an addition to the business productivity of the country in excess of 3,900,000 workers.

"The largest gain in productivity has been in farm life. There are 2,367,000 farmers owning cars. The answers from farmers reported 68 per cent. increase in productivity of the owner or an addition equivalent to 1,600,000 hired men."

Writing recently in *The Spur*, Colonel John W. Prentiss stated:

Five years ago one of the biggest banks in New York refused to accept a well-known motor stock as collateral in an ordinary call loan. A few weeks ago the greatest banking house in the world became associated with the General Motors Company as its bankers. What has caused this transformation in the attitude of the banker toward the automobile industry? Obviously, it has been the realization on the part of the

banker in the meantime of the fact that he had greatly underestimated the strength and the qualities of permanency inherent in the motor industry which make it today, for instance, second only to the iron and steel industry in size. But more specifically it is due to such facts, for instance, as that the very company whose securities were not acceptable as banking collateral five years ago has since that time distributed in cash dividends more than \$55,000,000, all paid out of earnings, and has reinvested in its business, also out of earnings twice that amount, until today the value of its gross annual volume of business is greater than the gross business of any railroad system in the world.

The average banker is slow to change his opinions and his mode of life. That is perhaps one of the reasons why most bankers are called conservative. That is also perhaps the reason why ten years ago every one in Wall Street did not appreciate that transportation by means of gas engines was a coming means of transportation and that transportation by steam engines was going to be less profitable in the future on account of the inroad made by the gas engine. The result has been that the so-called Wall Street community (our national investing public) has lost money in railroad stocks and bonds while the element which saw the future in the motor car and which lived in the Middle West instead of on Manhattan Island made a lot of money in motor car securities.

Ten years ago our Wall Street banker had a motor car which he looked upon more or less as an expensive fad. Today he finds that he must not only have one himself, but that his wife or his daughter has one, that his butcher has one, that his grocer has one and that he is absolutely dependent upon the motor car. He can go nowhere without the danger of being run over by a motor car. As a matter of fact, he depends upon it almost entirely for his daily bread and his daily transportation. In spite of this fact there are a good many people in the banking community who seem to think that the motor car industry is not a staple and permanent business. A well-known banker in New York the other day said to one of his best depositors, "How long is your motor car business going to last?" The motor car man replied, "How long is your banking business going to last?" and added, "Is this bank going to be in business next year?" Whereupon the highly indignant banker allowed that he was and the motor car man said, "So is our company."

It is evident that the automobile industry has come into its own and is now becoming recognized as a constructive force in the nation's industry.

# Banking and Commercial Law

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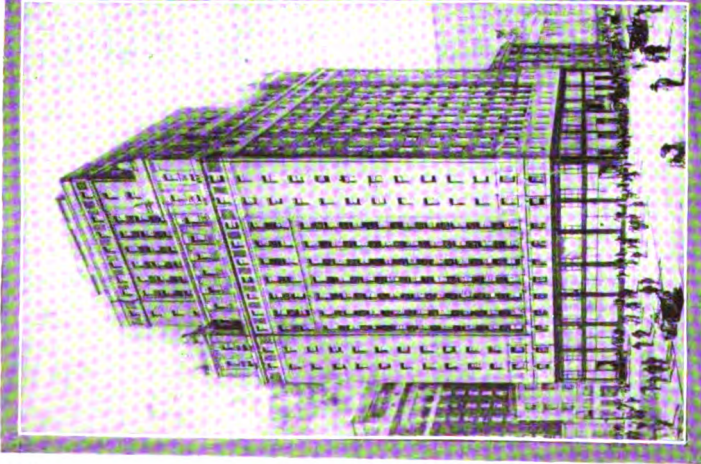
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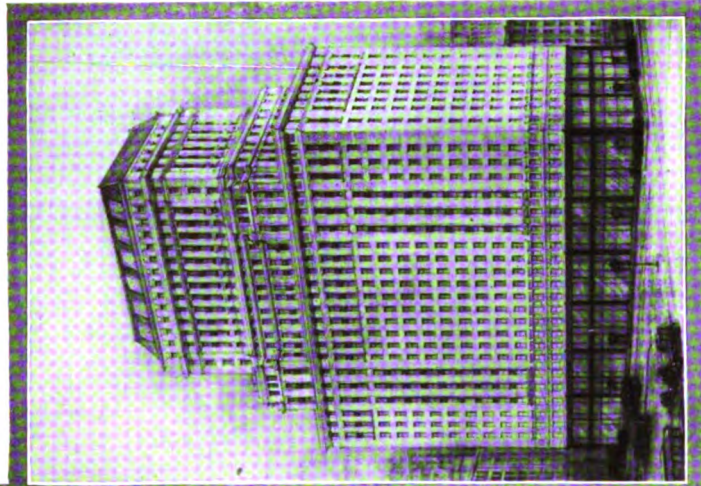
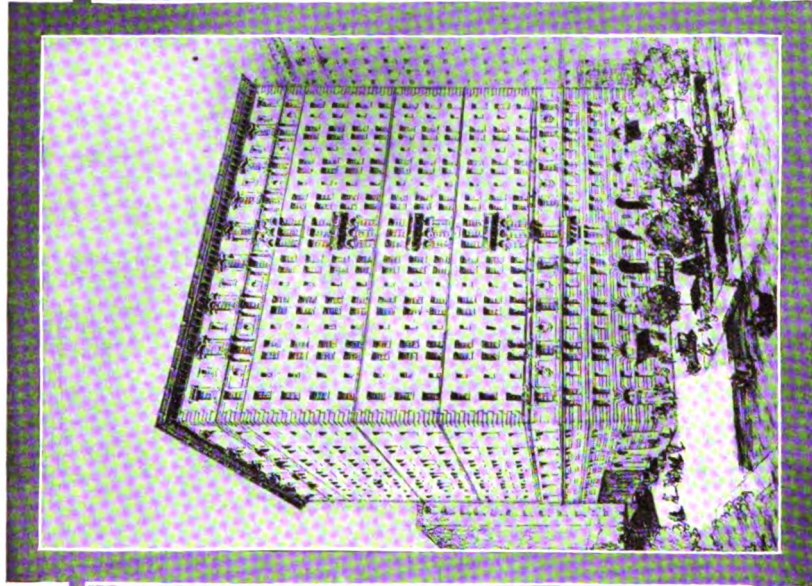
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# Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts  
Upon Questions of the Law of Banking and Negotiable Instruments

## Paying Check on Forged Indorsement

Bennett v. First National Bank of Hollywood, California District Court of Appeal, 190 Pac. Rep. 831.

**A** DRAWEE bank, which pays a check bearing a forgery of the payee's indorsement, is not permitted, in the absence of exceptional circumstances, to charge the amount against the account of the drawer.

This case involved the payment of a check on a forged indorsement and the bank which paid it, contended that, because of certain facts, leading up to the payment, the usual rule of liability did not apply.

The plaintiff Bennett was a depositor in the defendant bank. A person named Thomas called upon Bennett and falsely represented that he was the agent of Abbie Gilbert and authorized to procure for her a loan of \$2,000 on the security of a mortgage on real estate.

Bennett decided to make the loan and when Thomas brought in a note for \$2,000 and a mortgage, both signed in the name of Abbie Gilbert, Bennett gave Thomas a check for \$1,000, payable to the order of Abbie Gilbert and drawn on the defendant bank. The note and mortgage were both forgeries and Thomas collected the check by forging the payee's indorsement. Later Bennett gave Thomas another check for \$1,000, to make up the balance of the loan. This check was payable to Thomas' order and he likewise collected this check and appropriated the proceeds.

Subsequently Thomas repaid \$1,000 of the loan to Bennett. When the latter finally discovered the fraud he brought suit against the bank for \$1,000. The bank advanced the claim that it was entitled to have the \$1,000 paid by Thomas to Bennett applied to its liability on the forged check. The court held that this claim was not tenable

and that the bank was liable to Bennett for the amount sued for.

## OPINION

Action by George Bennett against the First National Bank of Hollywood. Judgment for plaintiff, and defendant appeals. Affirmed.

SHAW, J. This action was brought by plaintiff against the First National Bank of Hollywood to recover the sum of \$1,000, which the bank charged to his account because of the payment of a check drawn by him thereon and upon which the name of the payee was forged. Judgment went for plaintiff, from which the defendant appeals upon the judgment roll.

As appears from the finding, the facts are as follows: In August, 1917, one S. W. Thomas, then a man of good repute and president of the Garvanza Investment Co., falsely represented to plaintiff that he was the agent of Abbie Gilbert (who was in fact a real person), and that she desired a loan of \$2,000, to be secured by mortgage upon certain real estate owned by her. Plaintiff agreed to make the loan, and some days thereafter Thomas delivered to him a note and mortgage purporting to be executed by Gilbert, both of which documents were in fact forged instruments. Thereupon plaintiff delivered to Thomas a check for \$1,000, drawn upon defendant bank and payable to the order of Abbie Gilbert, whose name Thomas, without her consent or knowledge, indorsed thereon and deposited it in the First National Bank of Glendale to the credit of the Garvanza Investment Co., the account of which he used for his own purposes, and which check, upon being presented to defendant, was paid in due course on August 22, 1917. Thereafter, to wit, on August 27, 1917, in advancing the balance due upon said purported loan, plaintiff gave his check upon defendant bank for \$1,000, payable to the order of S. W. Thomas, who

duly indorsed the same, which defendant paid to the account of said Garvanza Investment Co. upon presentation, likewise charging the same to plaintiff's account. Prior to the time when the Garvanza Investment Co. received the proceeds of the Thomas check, all the money represented by the Gilbert check was by it checked out and paid to persons not here concerned. While Thomas, between September 4, 1917, and April 5, 1918, paid plaintiff in installments the sum of \$1,000, which sums were credited generally upon the forged note of Abbie Gilbert, no part thereof was from the proceeds of the Gilbert check. Neither Abbie Gilbert nor the parties hereto learned of the fraudulent nature of the transactions until September, 1918, at which time plaintiff demanded payment from defendant of his \$1,000 so paid out on the Gilbert check. The court further found that plaintiff was not guilty of any negligence which contributed to the action of defendant in making said payment, and that the payment of \$1,000 made by Thomas on said purported note of Gilbert "was not made at the expense of or to the injury of defendant, and that plaintiff was not (thereby) benefited beyond his total loss."

Upon these findings appellant attacks the court's conclusion of law based thereon:

"That plaintiff had a right to apply the whole sum of \$1,000 paid by S. W. Thomas to plaintiff on account of the said note and mortgage in liquidation of the said check of \$1,000 made and delivered by plaintiff to said S. W. Thomas on the 27th day of August, 1917, and to apply no part of the same on the said check of \$1,000 payable to said Abbie Gilbert."

Defendant's unauthorized act in paying the Gilbert check upon which the indorsement was forged is conceded by appellant (*Redington v. Woods*, 45 Cal. 406, 13 Am. Rep. 190), who, however, insists that defendant should have the benefit of the \$1,000 paid by Thomas in liquidation of any damage sustained by plaintiff on account of such unauthorized action on its part.

That defendant had no right to charge plaintiff's account with the \$1,000 so paid out upon the forged indorsement of the Gilbert check is not open to controversy, but in fact conceded by appellant, which, however, insists that equitably it is entitled to have the \$1,000 paid plaintiff by Thomas applied in liquidation of its liability, and hence, if so applied, defendant has been reimbursed for the loss sustained by its unwarranted act. Its argument in support of this contention is predicated chiefly upon the claim that the loss was due to plaintiff's negligence, which, in the absence of the evidence, is fully answered by the finding of the court that defendant's action was not due to any negligence on the part of plaintiff.

The action is not based upon the fraud practiced by Thomas upon plaintiff. That is no concern of defendant. It is true that plaintiff, for some reason not appearing, delivered to Thomas a check payable to his order for \$1,000, which Thomas in due course cashed; but such act (whatever plaintiff's intention, since the Gilbert note was a nullity) created a personal liability on the part of Thomas, who was the only person answerable therefor, and if not paid an action for recovery would lie against him alone. The payment of any judgment obtained thereon could not be deemed the liquidation of defendant's liability to plaintiff in paying the Gilbert check. If this argument is sound, it follows that the situation is not changed by the fact that Thomas, without a judgment therefor, and from funds other than the proceeds of the Gilbert check (*Andrews v. Northwestern National Bank*, 107 Minn. 196, 117 N. W. 621, 780, 122 N. W. 499, 25 L. R. A. [N. S.] 996; *Shipman v. Bank of State*, 126 N. Y. 318, 27 N. E. 371, 12 L. R. A. 791, 22 Am. St. Rep. 821), paid to plaintiff the sum so received by him, and for which he alone was liable. As found by the trial court, the payment was not made at the expense or to the injury of the defendant. The payment was not made out of any fund belonging to it, nor, as to the loss due

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to defendant's action, was plaintiff benefited by the payment. No equitable reason occurs to us why the sum paid by Thomas should be applied in liquidation of defendant's liability to plaintiff, from which it follows that defendant still has \$1,000 of plaintiff's money.

The judgment is affirmed.



### Indorsers Entitled to Notice of Dishonor

*Keiser v. Butte Creek Consolidated Dredging Co., California District Court of Appeal, 191 Pac. Rep. 552.*

The indorser of a note is discharged from liability if the note is not presented for payment to the maker at maturity and notice of dishonor given to the indorser. The fact that an indorser is an officer of the corporation which signed the note as maker does not alter this rule. This case involves a note signed by a corporation, which was indorsed by men who were officers and directors of the corporation, and it is held that a statement, made by one of the indorsers, after the maturity of the note, in which he asked the holder to wait, saying that he was running no risk and that all of the parties were liable, does not operate as a waiver of the holder's neglect to make presentment and give notice of dishonor.

#### OPINION

Two actions by E. T. Keiser against the Butte Creek Consolidated Dredging Company and others resulted in judgments for defendants, and separate appeals were taken by the plaintiff and presented upon one record and one set of briefs by stipulation. Affirmed.

JAMES, J. Separate appeals were taken in the two actions the titles of which appear first above. As precisely the same questions of law were involved, the parties stipulated to present both cases upon one record and one set of briefs. The appeals were

taken by the plaintiff from a judgment entered in favor of respondents, the latter being indorsers upon two promissory notes executed by the defendant corporation in favor of the plaintiff. All of the respondents except Ira D. McCoy, as well as the plaintiff, were, at the times the two promissory notes were executed, directors of defendant corporation. McCoy was secretary of the same corporation. All of the respondents were at all times familiar with the transactions having to do with the execution of the two notes, and had actual knowledge of the fact that the notes were not paid at maturity. It is admitted that no formal presentment and demand for payment of the obligations was made upon the makers of the notes, and no notice given to the indorsers of dishonor thereof.

The first point made on behalf of appellant is that the fact that the directors and McCoy the secretary (the indorsers) at all times had full knowledge of the fact that the corporation had not satisfied its obligations to the plaintiff, relieved him of the duty of making demand upon the payor and giving notice of dishonor to the indorsers. Appellant cites to this point a decision from another state which supports that view, the case being *Hull v. Myers*, 90 Ga. 674, 16 S. E. 653. Respondents make question with the soundness of that decision, claiming that its reasoning is illogical, and refer to the case of *Hudson Furniture Co. v. Harding*, 70 Fed. 468, 17 C. C. A. 203, 30 L. R. A. 513. In the latter decision the federal court distinctly decides the question the other way, and refers pointedly to *Hull v. Myers*, with this observation:

"The case of *Hull v. Myers*, 90 Ga. 674, 16 S. E. 653, is urged upon our attention in support of this contention. The decision of the court upon this question is bottomed, as we think, upon incorrect reasoning, and is without the support of authority."

Upon an examination of the two decisions, we prefer the determination as made in the federal case as representing a more careful consideration of the

question and better logic in its reason. Respondents also cite *McDonald v. Luchenbach*, 170 Fed. 484, 95 C. C. A. 604, and *Houser v. Fayssoux et al.*, 168 N. C. 1, 83 S. E. 692, Ann. Cas. 1917B, 835, both of which give support to the proposition that the fact that an indorser on a note of a corporation is also a director, with full knowledge of the corporate affairs, does not excuse the lack of notice of presentment and dishonor. In this case it was shown that the various indebtednesses of the defendant corporation, including that to the plaintiff, were discussed at different meetings of the board of directors, both before and after the particular obligation sued upon here became due. Insofar as those discussions showed familiarity of the indorsers with the true situation as to non-payment of the obligations, they add nothing to the statement of fact already made herein and conceded by respondents, that the indorsers at all times were possessed of such knowledge.

Appellant further argues, however, that after the maturity of the two notes and at a meeting of the directors at which all of the indorsers were present, a statement was made by one of the directors which was in itself of potent effect in establishing a waiver of the notice to the indorsers. This statement was testified by plaintiff to have been made by respondent Hubbard, in which Hubbard said to the plaintiff:

"Can't you just wait? You are taking no risk whatever; we are all responsible on that note—on those notes.' Nobody said anything to the contrary. That statement was made in the presence and hearing of each of the parties whose names appear on the back of the notes."

The secretary and several of the directors testified that they were present at the meeting, and did not hear any one request the plaintiff to forbear payment of the note. This testimony created a conflict as to a portion at least of the statement made by plaintiff attributing the words quoted to Hubbard. It left lacking categorical contradiction of the words, "You are taking no risk

whatever; we are all responsible on that note—on those notes." There is merit in the argument of respondents that the court in drawing its deductions had the right to conclude that no part of the statement attributed to Hubbard was made. However, conceding that the contradiction which in express terms only covered a portion of the Hubbard statement left without denial the assertion of Hubbard that plaintiff was taking no risk, that "we are all responsible," we do not believe that this expression was of such positive scope as to entitle it to be considered as evidence of a waiver of the presentment and notice of dishonor. Strict proof is required, and statements to bear the import attempted to be attached to those here made must be clear and unequivocal. *Kees v. Fenstermaker*, 24 Cal. 329. In that case it is said that the law is settled that a promise to pay by an indorser, made after maturity with full knowledge of the payee's neglect to make demand and give notice, must be established by clear and distinct evidence. To the same effect is another case cited by respondents, to wit, *Glidden v. Chamberlin*, 167 Mass. 486, 46 N. E. 103, 57 Am. St. Rep. 479.

The points discussed are the principal ones argued upon this appeal. Under the evidence shown, we think that the court was justified in each of the findings made. We conclude also that the rulings upon the admission of evidence were without prejudicial error.

The judgments are affirmed.



### Check Not Enforcible Against Drawer

*Deshazo v. L. & E. Lamar*, Court of Appeals of Alabama, 85 So. Rep. 586.

The defendant, having agreed to purchase certain land, drew a check for part of the purchase price, which he handed to a neighbor of the vendor, to be delivered to the latter upon his giving a deed to the property. The neighbor, however, delivered the check to

the vendor before any deed was given. The vendor indorsed the check and transferred it to the plaintiff firm for value. It was held that, while the firm would be entitled to enforce the check, if it appeared that it was a holder in due course, the circumstances under which the transfer was made were such as to cast suspicion on the good faith of the parties. A judgment in favor of the firm, in an action against the drawer of the check, was accordingly reversed.

### OPINION

Assumpsit by L. & E. Lamar, claiming as indorsees of a check, against Albert C. Deshazo. Judgment for plaintiffs and defendant appeals. Reversed and remanded.

Certiorari denied by Supreme Court. 85 South. —.

SAMFORD, J. The defendant, who resided in Birmingham, Ala., went in person to Selma, Ala., and contracted with one Tarver for the purchase of 200 acres of land and as a part of the trade, deposited with one Johnson, a neighbor of Tarver, a check dated November 5, 1917, and drawn on the American Trust & Savings Bank of Birmingham, Ala., for \$100, to be delivered to Tarver upon the delivery by Tarver to the attorney of defendant an abstract of title and deed to the land purchased, and upon the approval of the title and deed to the land by defendant's attorney, the check was then to be delivered and cashed as part of the purchase money for the land. In violation of the terms of the escrow agreement, and without the abstract of title having been furnished, or deed to the land tendered, Johnson delivered the check to Tarver and sent a letter in response to a telegram of inquiry from defendant, post-marked November 9th, addressed to defendant at Birmingham, saying, "It's up to you and Tarver; I will have nothing else to do with it."

From this record the evidence is without dispute that Tarver had no right to the check, and in his hands its collection could not be enforced. The check, which was drawn on the Ameri-

can Trust & Savings Bank, was on November 9th presented at that bank, by the First National Bank of Birmingham, and payment refused, because defendant had ordered payment stopped. It was shown by the evidence that on November 6th Tarver negotiated the check to plaintiffs under the following circumstances. It does not appear from the record that plaintiffs or any member of that firm knew defendant, or his financial standing; but, on the contrary, it appears that they were entire strangers; that plaintiffs were engaged in the general merchandise business in Selma, but were not bankers; that plaintiffs knew Tarver, who lived about four miles from Selma, and had known him for 15 years, during which time Tarver had sometimes traded at plaintiff's store, and also knew Johnson, the depository; that Tarver was indebted to a brother of one member of the firm; that Tarver came to plaintiff's store on November 6th, had the check with him, and said to Law Lamar, a member of plaintiff's firm, that he wanted to pay C. L. Lamar (the brother) \$100, and said he had a check. Tarver did not say what he wanted to pay the \$100 for, or what it was to be credited on. Law Lamar did not know what Tarver was paying it for. Tarver had never paid money to these plaintiffs before this time. Law Lamar (the member of the firm) told Tarver to go to the bookkeeper, get the money on the check, which was done, the bookkeeper paying Tarver the money after he had been instructed so to do by Law Lamar. Tarver immediately brought the money to Law Lamar, and paid it to him for his (Lamar's) brother, giving a receipt therefor. Law Lamar immediately took the money back to the bookkeeper, instructing him to take it to the bank in Selma and deposit it to the credit of the brother, for whom it had been paid. The check was indorsed by Tarver, and then by plaintiff, and sent, not to plaintiff's bank in Selma, but to plaintiff's bank in Faunsdale, Ala., through the mail, and from there it went through regular channels for collection. It also appears from the indorsement on the

check, the original of which we have before us, that immediately under the indorsement of Tarver the indorsement was first made, "For deposit to credit of L. C. Lamar (the brother)," and then changed to L. & E. Lamar; this indorsement being in the handwriting of the bookkeeper of plaintiff. There is no difference between counsel for appellant and appellee as to the law of this case, except as it may be applied to the facts.

A bona fide holder of a negotiable paper may recover, although it was deposited with a person to be delivered on the happening of a certain event or the fulfillment of a certain condition, which event never happened or condition has never been fulfilled. 8 C. J. 205, 760; *Garrett v. Campbell*, 2 Ind. T. 305, 51 S. W. 956. The case of *Farley v. Baldwin*, 201 Ala. 197, 77 South. 723, is not in conflict with the foregoing; it having been held in that case that the complainant was not a bona fide holder. This would not be such a delivery as to actually put the legal title in the indorsee, but the defendant would be estopped to deny a valid delivery in a suit by an innocent holder for value, for the reason that by his negligent act he had allowed the instrument to get into circulation. *W. D. Cannon, Jr., v. Dillehay et al.*, 84 South. 549; 3 R. C. L. 1025; *Garrett v. Campbell*, supra. Nor does the Negotiable Instrument Law change the rules of the common law, as to the burden of proof, where fraud is shown, or where the title of the person negotiating the instrument is defective. *Downs v. Horton* (Mo. App.) 209 S. W. 595; 3 R. C. L. p. 1041.

In this case, it appears from the record without dispute, that the check was turned over to Tarver, by Johnson the depository, in violation of the terms of the escrow agreement, and hence no delivery of the check was ever made to Tarver, in accordance with the purpose and intent of the parties. Therefore, so far as Tarver was concerned, the check had no legal inception or valid existence as such. *Cannon, Jr., v. Dillehay et al.*, supra; 3 R. C. L. p.

1025. This being the case, the burden was on plaintiff to prove that he acquired the title as a holder in due course. Code 1907, sec. 5014. To do this he must prove, in addition to subdivisions 1 and 2 of section 5007 of the Code of 1907, that he took it in good faith and for value and at the time he had no notice of any infirmity in the instrument or defect in the title of Tarver.

From a reading of the evidence it is an easy matter for any one at all familiar with the law of negotiable instruments to reach the conclusion that Tarver not only came in possession of the check in breach of the terms of the escrow agreement, but that he realized it and was, when he negotiated it, making a careful and studied effort to place someone between him and the defendant, who could enforce the collection of the check, free from the equities and defense held by the defendant as against the check, while in his hands. In order to do this he did not go to a bank, where checks are usually negotiated and collected, nor yet to a mercantile establishment, where he was dealing by account, but sought out a friendly merchant, whom he had known for 15 years, and with whom he had sometimes traded, but who did not know the defendant, nor his financial standing, and who did not know whether the check would be paid or not, and according to their statement the check was negotiated for its face value, without profit of any kind to the merchant; he assuming gratis the loss of interest during the time of collection, and of collecting the check on an unknown person in a distant city. Every act of Tarver and the plaintiff, while the check was being negotiated, may be looked to by the jury to see if the facts and circumstances indicate a conference as to the method of handling the check so as to accomplish the purpose of Tarver; and while the words in the conversation used in the negotiations, taken alone, might establish the bona fides of the transaction, the acts and circumstances, when taken in the light of common sense, common reason, and a common

knowledge of the way business is done in this country, may be sufficient to prevent the jury from being reasonably satisfied from the evidence that the plaintiffs had carried the burden placed upon them by law.

The testimony of witnesses to a transaction, when undisputed, must be taken as establishing the facts testified to; but the circumstances and surroundings may be such, not only to cast suspicion, but, when considered in the light of common experience and human understanding, may amount to a denial of the testimony given by the witnesses. Many illustrations might be given of this principle; but we deem it unnecessary to prolong a discussion of the evidence, in view of the fact that this case must be tried before a jury, and we do not desire the conclusions here reached to affect the final conclusions of the jury. Suffice it to say the facts and circumstances, when taken and considered as a whole, present a question to be decided by a jury. *Bunzel v. Maas & Swartz*, 116 Ala. 68, 22 South. 568; *Moore on Facts*, vol. 1, sections 573, 574. The court erred in giving the affirmative charge as requested by the plaintiff, and for this error the judgment is reversed, and the cause is remanded.

Reversed and remanded.

#### ON REHEARING

In brief of counsel filed on application for rehearing, the insistence is made that the effect of the opinion of the court was to hold that some of the

witnesses for plaintiff had lied. The court in its opinion said no such thing, meant no such thing, and such a conclusion on the part of counsel is unwarranted. Counsel, in their zeal to present propositions to the court, should be careful not to charge the court unjustly with conclusions not reached by it. There is in the opinion no decision or intimation that any witness has lied, or even evaded the truth. That question is not for this court to pass upon, but one for the jury, and it is for them to weigh and pass upon the credibility of the witness.

Nor do we see the occasion for the impassioned statements, outside the record, calling this court's attention to the wealth and standing of plaintiffs, covering a long period of years. Certainly counsel would not urge that fact as a basis for a decision which would not otherwise be rendered. Before the law, all men are equal, and their testimony and acts, when presented in court, must stand the scrutiny and tests of legal principles. Juries pass upon the credibility of witnesses under instructions from the court, and in this case this court has not sought to invade this province. However, lest unwarranted inference may be drawn from illustrations given, the court modifies the opinion to the extent of striking out the illustrations of the principle stated.

We see no reason for changing the conclusions arrived at by the court, and therefore the application for rehearing is overruled.

Application overruled.





# Banking Publicity

Special Section of The Bankers Magazine

OCTOBER 1920

## Commercial Bank Copy

By A COPY WRITER

ADVERTISING in the newspapers the commercial department of a bank is evidently a difficult task to do well. True, banks have broken the shell but the Savings chick is the only one which has grown rapidly. His commercial brother is still, in many instances, scrawny and unattractive.

Perhaps the difficulty is in the fact that the commercial bank has "nothing to sell but service." It is apparently hard to find enough different selling points connected with service to produce variety in copy. So the advertising simmers down to a few logical selling arguments and plays the changes on these few ad infinitum.

Take the age of the bank. Age may be an asset, but it should not be overworked. A man is not likely to open an account at a bank merely because it is old. But the burden of the advertisements of thousands of banks reads: "At the Corner of Main and Fifth Streets for 85 years. Our facilities for service are at your disposal."

No word about up-to-the-minute methods; no hint of a grasp of present conditions; just age.

And how they have overworked "facilities!" We read of "modern facilities" and "efficient facilities" and "prompt facilities," until we are almost ready to tear the "facilities" page from the dictionary. The truth is that the facilities of two banks of about the same size in the same town, usually vary but slightly. Either bank is

equipped to handle the business of the average man to his satisfaction.

"Service" is hardly less threadbare. The adjectives hooked to "service" and run in the headings and the body of bank advertisements would almost fill this page. And it is getting so the word means very little to the layman.

In general, many banks are

not far enough away from the old newspaper "card" days to be natural. Their copy is as chilly as Peary's famous North Pole. It breathes of marble columns and frock-coated officers with unbendable reserve and boring eyes. Yet often the officers in the banks publishing these advertisements are anything but stilted and austere.

An advertisement can be dignified and still friendly. For example:

*(Continued on page 565)*

## We are a Friend to the Foreigner

Any foreigner who puts his money in this bank gets 3½% interest on it—and no one can draw it out but him.

Everyone is ready to help him get used to American ways.

Do a kind act for some stranger to our country by bringing him here on pay day. And don't overlook the fact that we want to be your friend, too.

## Second National Bank

Resources Ten Millions

PATERSON, N. J.

Here is one very practical way in which the banks can help along the work of Americanization

## Banking Publicity

Monthly Publicity Section  
THE BANKERS MAGAZINE  
253 Broadway, New York

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OCTOBER 1920

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IT IS SAID that more than 98 per cent. of the reading public are sufferers from near-sightedness. That is why advertising lay-outs should be made so plain that even a person with poor sight need have no trouble in getting the message. The advertisement that does not appeal to the eye successfully hasn't any more chance of making an impression than a salesman who fails to obtain an interview with his prospect.



SOMEBODY IS ALWAYS creating ten commandments of this, that and the other thing. Once in a while these are really good. Under this heading are the ten commandments of advertising promulgated by E. Sampson. They are as follows:

- 1—Be human.
- 2—Be interesting.
- 3—Be easy to understand.
- 4—Be easy to read.
- 5—Be humorous, when you can.
- 6—Be unusual.
- 7—Be unexpected.
- 8—Be tempting.
- 9—Be subtle.
- 10—Be positive.



LIKE EVERYTHING ELSE, the cost of type composition has gone up enormously. Consequently it behooves the advertiser to economize on expensive "authors' corrections." In other words, edit

your copy rather than your proof. This will save a lot of money in the long run.



PAPER is another expensive factor in advertising at the present time. Even some of the biggest institutions are now endeavoring to save on paper. The National City Company, New York, cut down mailing out its general bond circular on September 1st by sending out a card to their list, asking those particularly interested to send in a request for the circular.



A BANKER in a Pennsylvania city makes a point of never stating in an advertisement or lobby card that the bank will be closed on a holiday. He maintains that in some cases foreign-born depositors or other individuals who might not understand the notice in full would at least take in the fact that the bank was going to be closed, and in this way trouble might be started. This is just another sidelight on the psychology of advertising.

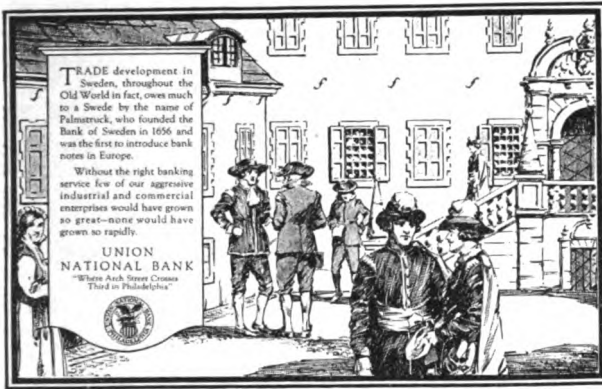


A CONVERSATION OVERHEARD in a train the other day may point a moral on the subject of banking service. A business man, who wished to cash some coupons that were advertised as redeemable at a certain metropolitan bank, presented them for payment at an uptown branch. Here he was informed that they were only redeemed at the bank's main office, which was downtown. Arriving downtown, he presented them for payment at the main office and from there was referred

to a special branch on another street. Of course, he finally got them cashed, but he left with a feeling of dissatisfaction which he evidently did not hesitate to express to his friends. The question is, can a bank afford to overlook these little points which are relatively trivial in themselves but yet do constitute a weak link in the chain of perfect service?



IT HAS LONG BEEN a matter of regret that very little encouragement has been given in New York City to the would-be saver, at least so far as aggressive publicity in the public press is concerned. In downtown New York thousands, even millions, of dollars might be spared for investment if banks would only take the trouble to put the thrift idea into the minds of the army of clerks and stenographers that inhabit this region during every business day. If all of these wage-earners could be encouraged to put aside even a few dollars every week, the aggregate amount would supply a surprising amount of working capital for the nation's industries. The fact is that unless we create a vast number of small investors we cannot hope to maintain that pre-eminent place in world finance that the circumstances of the war have secured for us. In New York the interest departments of the Atlantic National Bank and the Mercantile Trust Company have done good work, but it still remains for some bank to carry on a consistent, aggressive and resultful campaign for the savings of the people.



Every statement folder of the Union National Bank of Philadelphia includes a very attractive advertisement generally printed in colors. Each one brings some message and the messenger is so attractively clothed that a good impression is always made.

**Commercial Bank Copy**

(Continued from page 563)

**OPPORTUNITY**

"Opportunity," said Napoleon. "I make opportunity." The business leaders of . . . are those who do not wait for opportunity—they go out and make it.

Are you ambitious to be just such a leader? Are you blocking out your success, scorning to 'wait for your ship to come in.'

If you are such a business man, or are preparing to be. The . . . is the logical bank for you. We invite your account.

**BEATING OUR SWORDS INTO DOLLARS**

The process of transition is still in progress. This period of readjustment has brought many trying problems to business men.

With numerous vital decisions to make, the council of a strong, friendly Bank is a constant source of security and satisfaction. Prove this for yourself by establishing close business relations with

**THE BLANK NATIONAL BANK**

You see we have discarded our hammer and substituted a flashlight. We are quoting the good advertisements we have seen. Not a word about facilities or service, as such, in this copy. But isn't it stimulating and attractive?

Here is one good way to handle the age proposition:

**THE CREST WAVE OF PROSPERITY**

That is where American business firms are now. But it cannot last forever. And in times of uncertainty the best ballast is a connection with a strong Bank

of long experience and with a good record.

Such an institution is the First National Bank. We invite you to open an account here.

Each of these advertisements has been used recently by a large financial institution. More power to copy of this nature. It contains food for thought. It challenges the business man's attention. Best of all, it rings true and gets results.

The commercial bank copy that wins, strikes a note that is different. The readers appreciate it. They will read it with interest, especially if it contains news material or treats a new angle of the financial trend of events.

Of course this does not mean lack of dignity. Probably bank advertising will never get to the point where breakfast food copy is, for instance, especially commercial copy. It is meant to appeal mainly to serious minded business men and to women who appreciate the value of a business-like way of paying household bills. But there is a happy medium between dignity and cheapness; between logical reasoning and superficiality. Take this advertisement, for instance:

**PRODUCTION**

Everywhere the cry is for increased production. Executives are working long hours. Busi-

ness builders are grappling with vital problems. And business is forging ahead.

At this time when so much attention must be given to production problems, it is a satisfaction to know that the financial side is running smoothly. Such assurance is yours when your connections are with

**THE BLANK NATIONAL BANK**

Most of the advertisements quoted have a news value and their interest is heightened by it. But some may be word pictures painted with real thought and a pen not lacking in imagination. Even though they lack news interest and are as good in 1930 as they are now, they lure the reader's attention and repay him for it. Take this one for example:

**CONSIDER EASE:**

It is often born of indolence. It has built no pyramids; constructed no buildings; painted no pictures; founded no governments or cities; brought no success to business enterprise. Ease is blest only when it represents a well-earned rest.

Ease in business is desirable only when it is the result of judgment—of careful planning. To make the finances of a firm or an individual run easily, a capable, experienced bank is desirable. First National service satisfies its patrons who appreciate the ease which results from co-operation. Your account is invited.

"Words win," but not words chosen carelessly. A commercial advertisement which is clear, concise, imaginative, and has "punch," gets a wide read-

**STATEMENT**

of September 28, 1930

**RESOURCES**

Loans and Investments	\$17,040,972.33
Exchanges for the Clearing House	540,448.90
Customers' Liability on Account of "Acceptances" Executed by this Bank	270,701.90
Due from Banks, Cash and Receiv.	3,091,135.89
	\$20,943,257.42

**LIABILITIES**

Capital	\$600,000.00
Surplus and Net Profits	750,657.73
Unearned Discount	108,614.01
Amount Reserved for Taxes Accrued	63,972.69
" " Interest	11,226.72
Circulation	422,187.50
Acceptances Executed for Customers	270,701.90
Bills Payable with Federal Reserve Bank secured by U. S. Liberty Bonds and Certificates of Indebtedness	1,640,927.00
Bills Payable with Federal Reserve Bank	2,150,000.00
U. S. Gov. Securities Borrowed without Furnishing Collateral Security for same	200,000.00
War Loan Deposit	\$3,000.00
Deposits	14,784,908.97
	14,787,898.27
	\$20,943,257.42

ing, especially if it has news interest and a new thought within it. We are describing the ideal Commercial Bank advertisement.

Of course copy writers cannot furnish ideal copy all of the time. But why not make the copy of a commercial bank as helpful and compelling as the same amount of text in the editorial columns? It can be done. It should be done. Let's do it.



### THRIFT ADVERTISING

**W**ITH all the tremendous effort of the Liberty Loan campaigns the people at large were not made to be permanent savers. They received a wonderful lesson but now careless spending seems to have replaced the lesson of thrift thus taught.

The foregoing is the opinion of Louis E. Delson, Advertising Manager of the Central Trust Company of Chicago, who in "The Fourth Estate" gives some account of the advertising of his institution, especially in connection with the Coupon System for saving.

Mr. Delson says:

In addition to plenty of black and white for attention value, illustrations that delivered a definite message were employed. A copyright name-plate for the System was also used. This brought out the name of the Saving System, tied up the name of the bank and emphasized the word "saving" as well as mentioning the word "system" which was highly suggestive for thrifty people.

In that way a new feature was added to our savings department in addition to the regular savings business. A systematic plan of accumulating one's funds is hard to follow unless the plan is made clear and simple and presented in such a way as to "sell" the depositor on it completely—make him enthusiastic about it so

that he will not drop out before the interval allotted is reached.

When we advertise to the man with 50 cents to start a savings system account we use a vastly different appeal and typographical display than when we advertise a \$100,000 real estate bond issue. The very essence of the subject in hand must receive its relative treatment.

Every advertising man knows the elemental force of this suggestion. There is great danger in making a savings ad so dignified that it will not be read. The small or large saver must be induced to read the ad. The line of least resistance for the reader is to read the "store sale" ad where he is attracted by the spending desires.

When you compete with a hundred and one different kinds of ads on a newspaper page for attention you have a different problem than when you compose a neat, dignified layout for a savings folder, or for a high-grade woman's magazine ad. In a magazine you might use a full page opposite a page of reading matter, where your ad receives the uninterrupted attention of the reader. In such instances it is not necessary to fight for attention—you have it.



### HOW BANKS ARE ADVERTISING

HERE'S HOW the Herkimer County Trust Company of Little Falls, N. Y., announced its school savings plan in a five column advertisement in a local paper on the opening day of the public schools:


#### TO THE STUDENTS IN THE SCHOOLS OF HERKIMER COUNTY:

Today you began again the march toward the goal of all good Americans—useful citizenship.

The work you do in school this year will mean much to you in later years. There is one thing that no one can ever take away from you—your EDUCATION. But, remember this—all the brains—all the skill and training you can possibly obtain will be wasted time, unless you learn NOW that the thrifty man with a hundred dollars will be rich when the spendthrift with \$10,000 will be a beggar.

It isn't the amount of money you save that counts now—it's the fact that you KNOW and PRACTICE the principle of steady systematic planning ahead that will mean most to you in the days when you are in our places.

Ninety-five out of every one hundred students in Herkimer County are going to die poor. Are YOU going to be in the successful 5 per cent. class or in the 95 per cent. who didn't learn how to SAVE?



**DOLLARS and SENSE**

*"Let the shipwrecks of others  
be the sea marks for you"*

**A SAVINGS ACCOUNT** is a sail to the windward and the best recommendation a man can have in seeking a position.

The courage to save makes a man master of himself and his fortune. Such a man wastes no thought on the ship that may "come in." He goes out after the ship that will come in. He saves capital from salary and gains credit at his bank. He is sailing his own ship.

This bank will help you start. We allow 3 per cent interest from the first of the month on all savings deposited on or before August 6th. Come in and see us about it.

**ILLINOIS TRUST & SAVINGS BANK**  
La Salle and Jackson Streets—Chicago

A savings message clothed in a good homely metaphor. But shouldn't the expression read "an anchor to windward" rather than a "sail to windward"?

The Herkimer County School Savings System offers to every student in the schools of Herkimer County a systematic plan of saving. The bank comes to your school room. You may deposit regularly every week any amount from 5c up.

To show our strong, friendly interest in helping you men and women of tomorrow begin NOW to make good we will give to every student who starts a School Savings Account before October 1st a beautiful steel and feather quill pen.

Will we expect you to be on the Honor Roll of successful school savers?

Ask your teacher how you can join and get that quill pen NOW.

ANOTHER ADDITION to the list of bank house organs is *The Cleveland Trust Monthly*, which beginning with September, 1920, will be published monthly by the Cleveland Trust Company. The September number, which has just come to our attention, contains much interesting material about the bank and is most attractive from a typographical standpoint. *The Monthly* is an outgrowth and development of *Yon* which was the former less pretentious house organ of this bank. It is published by the advertising department, of which C. K. Matson is manager.

"I GIVE AND BEQUEATH" is the title of an attractively bound and well printed booklet recently issued by the Fidelity Trust Company of Buffalo. It covers in a complete and yet readable manner the subject of Wills, Trusts and Estates, treating in a broad way subjects that every person should know before making a will or trust agreement. A. Irwin Rankin, publicity manager of the Fidelity, writes that he will be glad to furnish a copy of the book to any subscriber to THE BANKERS MAGAZINE interested in this type of publicity.

A BOOKLET WHICH has only just come to our attention, although it has been issued for some time, is entitled "Service in Banking." This was compiled and published by the Department of Service of The Home Bank of Canada, and in a foreword by the general manager,

## Who's Who in Bank Advertising



LOUIS E. DELSON

FINANCIAL advertising has received a great deal of benefit from the good work of Louis E. Delson, advertising manager of the Central Trust Company of Illinois, Chicago, who has confined his efforts during the past twelve years exclusively to this field. Mr. Delson's entire business career has been devoted to some form of financial publicity, for the most part in Chicago and for a short time in New York. He was for a number of years assistant general manager of the financial advertising firm of Albert Frank & Co. in the Chicago office and for a few years in New York and has served in building up the standard of financial advertising through the application of principles that today are accepted throughout the country by bank and bond houses generally. In addition to having served a great number of bond houses and banks in an advertising way he assisted in the Anglo-French Loan Campaign in the Middle West and later did some remarkable work on the Liberty Loan Campaigns in New York, originating the plan for the free safekeeping of Liberty Bonds and other good selling plans. Mr. Delson has done excellent pioneer work in convincing banks and bond houses of the power of the printed word, for which he deserves his present high standing in the fraternity of bank advertising men.



## Our Charitable and Educational Institutions

St. Louis has many Charitable and Educational Institutions of the highest order of merit and excellence. They need and deserve aid and encouragement.

Remember them in your Will.

An individual is soon forgotten; his present and definite influences for good soon cease, but the life of our City and State will be elevated and future generations benefited by legacies to deserving institutions created for public benefit.

Our Trust Officer will be glad to confer with you and give you data and information on the subject.

**The NATIONAL BANK OF COMMERCE**  
**IN SAINT LOUIS**

Resources more than \$85,000,000

JOHN G. LONSDALE, President.

VIRGIL M. HARRIS, Trust Officer.

Here is a unique trust company advertisement urging Saint Louisans to remember charitable and educational institutions in their wills.

J. Cooper Mason, it is stated that it was distributed in order "to place in the hands of every member of the staff a memorandum that may contribute to enliven their resolve to maintain during 1920 an appreciable measure of *service* in the various departments of banking." It is one of the best treatises on service that we have seen and deserves to be read widely by American bankers.

THE NATIONAL STOCK YARDS National Bank at the Saint Louis stock yards thus features its proximity to the post-office as an added guaranty of prompt service:

"The National Stock Yards post-office and our banking quarters are under the same roof—our doors are but thirty-six inches apart. Contrast the exceptional advantages this adds to our otherwise complete facilities for serving our out-of-town correspondents by mail with the necessary one hour and thirty minutes required for mail distribution in the post-office of a large city."

THE DOLLAR SAVINGS & TRUST Company of Youngstown, Ohio, has issued a booklet of

"Prosperity Proverbs." Here are a few examples:

Money talks, but too often all it says is "good-by."

You can spend saved money, but you can't save spent money. Opportunity means nothing to a man with empty pockets.

It takes brains to make money and character to keep it.

FOR THE SEVEN MONTHS ended July 31 last, the "Loop Banks" (that is, the downtown institutions) in Chicago, placed total advertising of 365,063 lines in the six Chicago newspapers. This figure does not include space used for the call statements, of which there were three. The space indicated represents an expenditure of about \$172,025.20. Over 42 per cent. of this was directed to savings copy, 34 per cent. to bond advertising, and the balance, 24 per cent., was mostly for commercial and trust advertising, with a very small proportion of foreign department advertising.

FRANK WILSON, advertising manager of the Scandinavian-

American Bank, Tacoma, Wash., says:

"We are now preparing a business building campaign and instead of advertising the bank we will advertise our customers. In preparing these advertisements we will act as though we were the customer's advertising agency, except that we put our name at the bottom and foot the bill. Very likely some one will say, 'What does the bank get out of this?' Our returns are indefinite, but if we can assist our customers to build up a large business we know their appreciation will be shown by recommending our bank to their friends, and that we have a lifelong friend in the merchant himself."

WHEN ANYBODY closes a savings account at the Chicago Trust Company, he receives this cordial letter:

"We have always appreciated the business with which you favored us and it is therefore with keen regret that I learn your savings account was closed yesterday.

"A savings account is not merely a convenience—it is a necessity. The Chicago Trust Company takes particular satisfaction in the service rendered in this department and in its consistent growth in both the number of its patrons and the volume of their deposits. I trust the withdrawal of your account may be but temporary and that the time until it is reopened may be brief.

"We feel our past relations were mutually pleasant; we hope the near future will witness their reestablishment whether in the savings or another department."

THE ILLINOIS TRUST AND SAVINGS BANK of Chicago recently ran an advertisement, "Extra Hours Make a Hit," which went on to say:

"Our savings customers like our extra hours of service on Saturdays—they tell us so and the increased volume of business proves it.

"You, too, may take advantage of these special hours."

THE TRUST DEPARTMENT of the National Bank of Commerce in St. Louis has issued a little booklet entitled "A National Bank Executor," which points out why a national bank is specially fitted to act in a fiduciary capacity.

"PEP" is the suggestive title of a monthly paper published by the employees of the First National Bank and the Security Savings and Trust Company of Portland, Oregon. It certainly

**In Toronto**  
The pulse of downtown

Of our 400 branches, there are 120 in the city of Toronto. We are the largest bank in the city, and our headquarters are here. We have the largest capital in the city, and our assets are the largest. We are the largest bank in the city, and our assets are the largest. We are the largest bank in the city, and our assets are the largest.

**UNION BANK OF CANADA**  
Reserves exceed \$174,000,000

**1170 Yonge St.**  
Toronto's Northern Gate

The U.B.C.'s modern addition with elevator service and beautiful interior is a landmark in the city. It is the largest building in the city, and our assets are the largest. We are the largest bank in the city, and our assets are the largest. We are the largest bank in the city, and our assets are the largest.

**UNION BANK OF CANADA**  
Reserves \$174,000,000

**Sunnyside**  
Urban & Suburban

THE Sunnyside of Toronto has been transformed. The corner of Queen and Bloor is now one of Toronto's most important business points. Traffic stop at the Bloor station, and our assets are the largest. We are the largest bank in the city, and our assets are the largest. We are the largest bank in the city, and our assets are the largest.

**UNION BANK OF CANADA**  
Reserves exceed \$174,000,000

**Eglinton**  
The Northern Outpost

The former town of North Toronto has some of the best residential sections of the city. For enough area to house the population of the city, and our assets are the largest. We are the largest bank in the city, and our assets are the largest. We are the largest bank in the city, and our assets are the largest.

**UNION BANK OF CANADA**  
Reserves \$174,000,000

Four of a series of advertisements featuring the different Toronto branches of the Union Bank of Canada

is all that its name implies. It is quite evident that this bank has a very live organization. Another house organ of the same class is the "Citicomer" of the Citizens Commercial Trust Company of Buffalo.

6. On the basis that our customers are equally interested in the policies of the bank, we are inclined to ask a little special co-operation, in order to come up to the expectation of the board.

7. If every depositor would maintain a balance, on an average of \$50 greater than at present, the goal would be

reached very readily. Your influence in securing a new account would prove just as effective.

8. As the success of this challenge between "Board" and the "Force" depends upon you and me rallying to the cause, I take pleasure in guaranteeing absolute protection and increased attention.



**A DIRECT CAMPAIGN  
IN TACOMA**

Over the signature of President Tinker, C. F. Cook of the New Business Department of the Puget Sound Bank & Trust Company, Tacoma, sent out the following letter:

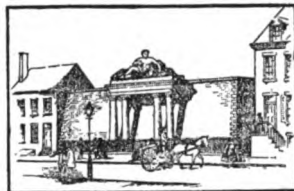
1. The banking business is a mutual proposition. Co-operation is essential to its usefulness; constant growth is proof of good service, and a real appreciation of the loyalty of customers is here expressed.

2. Our directors are close observers of general conditions. They keep constantly posted on affairs which are to the interest of customers, and are anxious that a close relationship exists between the depositor and employee.

3. There is a right proportion which deposits bear to expense of operation. This bank has never had a service charge which other banks impose on small accounts, and hopes to avoid doing so, because it believes in giving as much encouragement as possible.

4. Profits are made from loans. Loans are made from deposits. Service is maintained by courteous clerks. Salaries, to some extent, aid service.

5. The directors assure the employees that profits will warrant an increase in salary by January 1, 1920, if the deposits have reached the three million dollar mark by that time.



The Old Chambers Street Reservoir of the MANHATTAN COMPANY

AMONG the earliest known steam engines in America were the two installed by the Manhattan Company as part of its water system, with a capacity of 692,200 gallons a day, which was the first adequate water supply in New York City. In fact, wherever one opens the history of the Bank of the Manhattan Company, one is confronted by examples of progress ahead of the time; by sure grasp of affairs; by far-sighted and sound leadership. As for the past 121 years, so today, the depositor, the customer of the Bank of the Manhattan Company has at his command a Directorate of outstanding men in industry, commerce and finance; and the personal services of Officers of long-standing experience.

**BANK of the  
MANHATTAN COMPANY**  
ESTABLISHED 1799  
40 WALL STREET

Capital \$5,000,000 Surplus and Undivided Profit \$16,147,494.00

LIFORD OFFICE—21 Union Square, New York  
OLBURN BRANCH OFFICES—Jamaica, Plattsburgh, Long Island City, Fort Anderson, Astoria, Bank, Seattle, Edinboro, Md., Easton, Cross, College Park, Washington, Baltimore, Park Road  
BROOKLYN OFFICES—St. John's Place and Coppen Hill

**OFFICERS**

**PRESIDENT**  
STEPHEN BAKER  
**FIRST VICE PRESIDENT**  
RAYMOND E. JONES

**VICE PRESIDENTS**  
JAMES HANDEL  
& DON STER  
HARRY T. HALL  
EDWARD L. LAUREY  
P. A. ROWLEY  
E. H. PERLSON  
FRANK L. MILLON  
W. W. SMITH  
JOSEPH WRIGHT BAKER

**CLERK**  
O. E. PAYNTER  
**ASSISTANT CLERKS**  
W. F. MOORE  
F. S. GREGORY  
E. M. RUCKELSH  
W. A. RIZBI  
CRO. E. DORNING  
R. S. MACDONALD  
O. G. ALEXANDER

**DIRECTORS**

J. F. ALDRED  
STEPHEN BAKER  
B. H. BORDEN  
MICHAEL FREDERICK  
W. ALTR. JENNINGS  
RAYMOND E. JONES  
G. HOWLAND LEAVITT  
HENRY E. MORGAN  
GEORGE MANGER  
ARTHUR G. MEYER  
JOHN C. MOORE  
CHARLES B. POTTS  
SAMUEL SLOAN  
WILLIAM SLOAN  
JAMES SMYTER  
CARL F. STEINHAHN  
WILLIAM S. TUD  
GEORGE TARRANT

By proper typographical arrangement a great deal of reading matter has been included in this advertisement without creating a crowded appearance. Note the arrangement of the officers in the right hand column.

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

## A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.  
American Nat'l Bank, Pendleton, Oregon.  
American Svgs. Bank, Springfield, Mo.  
Anderson, Ralph P., adv. mgr., Sacramento Bank, Sacramento, Cal.  
Ansley, D., Central Tr. Co., San Antonio, Tex.

## B

Bader, A. F., assistant cashier, Old State Nat'l Bank, Evansville, Ind.  
Bailey, C. W., cashier, First Nat'l Bank of Clarksville, Clarksville, Tenn.  
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.  
Bankers Magazine, The, New York.  
Bauder-Baker, Union Bank Bldg., Chicago, Ill.  
Baughar, E. M., pres., The Home Building Association Co., Newark, Ohio.  
Bennett, H. D., assistant cashier, Capital Nat'l Bank, Lansing, Mich.  
Billings, K., asst. adv. mgr., Scandinavian American Bank, Tacoma, Wash.  
Blise, L. A., pres. Citizens Bank and Tr. Co., Tampa, Fla.  
Branham, D. R., director pub. Hellman Commercial Tr. and Svgs. Bank, Los Angeles, Cal.  
Brooks, T. J., vice-pres., The Guaranty Tr. and Svgs. Bank, Jacksonville, Fla.  
Brown, G. W. C., assistant secretary, Tidewater Bank & Tr. Co., Norfolk, Va.  
Brown, R. A., assistant cashier, Citizens Nat'l Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-pres., Penn Nat'l Bank, Chester, Pa.  
Busbee, Minnie A., mgr. adv. dep't, American Bank of Commerce & Tr. Co., Little Rock, Ark.

## C

Clabaugh, S. F., asst. to the pres., The City Nat'l Bank, Tuscaloosa, Ala.  
Conhalm, Herbert J., publicity mgr., Fort Dearborn Nat'l Bank, Chicago, Ill.  
Coon, Harry J., 68 Farnham Ave., Toronto, Canada.  
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.  
Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.  
Cox, Ray, cashier, American Svgs. Bank, Springfield, Mo.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial Nat'l Bank, Raleigh, N. C.

## D

Davis, Clark B., asst. secy., Franklin Tr. Co., 164 Montague St., Brooklyn, N. Y.  
Dayton, T. S., pub. mgr. Guaranty Tr. Co., N. Y.  
Delly, H. E., Tradesmen's Nat'l Bank, Phila., Pa.  
Delson, Louis E., publicity mgr., Central Tr. Co. of Illinois, Chicago, Ill.  
Distelhorst, Walter, advertising dep't, First Wisconsin Nat'l Bank, Milwaukee, Wis.  
Downes, Carroll, mgr., commercial service dep't, The Phila. Nat'l Bank, 421 Chestnut St., Phila., Pa.  
Dysart, W. E., cash. First Nat'l Bank, Ripon, Wis.

## E

Eberspacher, J. C., assistant cashier, First Nat'l Bank, Shelbyville, Ill.  
Ekirch, A. A., secy. North Side Svgs. Bank, N. Y.  
Ellsworth, F. W., vice-pres., Hibernia Bank & Tr. Co., New Orleans, La.

## F

Fisch, E. W., assistant cashier, Birmingham Tr. and Svgs. Co., Birmingham, Ala.  
Frost, Lloyd A., treasurer, Guaranty Tr. Co., Cambridge, Mass.

## G

Garnier, Percy, publicity mgr., Wachovia Bank & Tr. Co., Winston-Salem, N. C.  
Gehle, Frederick W., mgr. advertising dep't, Mechanics & Metals Nat'l Bank, New York.  
Gehrken, George A., mgr., New Business Dep't, Seaboard Nat'l Bank, New York.  
Germo, Eleanor, mgr. publicity dep't, Los Angeles Tr. & Svgs. Bank, Los Angeles, Cal.  
Grimm, H. B., director, Dep't of New Business, St. Joseph Valley Bank, Elkhart, Ind.  
Groves, J. W., advertising mgr., Minnesota Loan and Tr. Co., Minneapolis, Minn.

## H

Hall, J. Comly, Farmers and Mechanics Tr. Co., West Chester, Pa.  
Hamsher, C. F., pres. First Nat'l Bank, Los Gatos, Cal.  
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.  
Hatton, E. A., cash. First Nat'l Bank, Del Rio, Tex.  
Higgins, A. Earle, Adv. Service, 2929 Broadway, N. Y. C.  
Higley, J. N., advertising dep't, First Nat'l Bank, Youngstown, Ohio.  
Hillyer, E. L., secretary, Union Tr. Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity mgr., Nat'l City Bank, Chicago, Ill.  
Hodgins, J. H., Statistical Dep't, Union Bank of Canada, Toronto, Canada.  
Hoffman, A. C., mgr. publicity dep't, Security Tr. & Svgs. Bank, Los Angeles, Cal.  
Hokanson, N. M., advertising mgr., State Bank of Chicago, Chicago, Ill.  
Holdam, J. V., advertising mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.  
Holderness, M. E., vice-pres. and adv. mgr., First Nat'l Bank in St. Louis, Mo.  
Hudson, Paul L., assistant cashier, First Nat'l Bank, Corona, Cal.  
Hunter, Harold G., secy. and treas. Kansas City Terminal Tr. Co., Kansas City, Mo.  
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

## I

Imhoff, Charles H., vice-pres., Union Nat'l Bank, Newark, N. J.

## J

Jarvis, Charles D., pub. mgr., Svgs. Bank of Utica, Utica, N. Y.  
Jessup, Theodore, assistant cashier, Woodlawn Tr. and Svgs. Bank, Chicago, Ill.  
Johnson, E. W., Warren Nat'l Bank, Warren, Pa.  
Jones, Marshall H., assistant cashier First and Citizens Nat'l Bank, Elizabeth City, N. C.

## K

Kahn, A. T., vice-pres., Commercial Nat'l Bank, Shreveport, La.  
Keller, C. E., Jr., assistant cashier, Stroudsburg Nat'l Bank, Stroudsburg, Pa.  
Keeton, Monroe, mgr. Svgs. Dep't, Merchants & Farmers Bank, Meridian, Miss.  
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.  
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

## L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.  
Leitch, William B., mgr., Foreign Dept., Merchants Bank of Canada, Montreal.  
Le Beuf, Mae, pub. dep't, Hibernia Bank and Tr. Co., New Orleans, La.  
Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
Lovett, W. R., Atlantic Nat'l Bank of Jacksonville, Jacksonville, Fla.  
Lyons, Chas. S., Puget Sound Bank and Tr. Co., Tacoma, Wash.



## M

McCorkle, Josephine C., pub. mgr., The City Nat'l Bank, Evansville, Ind.  
 McDowell, J. H., American Tr. and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., treas., Park Tr. Co., Worcester, Mass.  
 Mares, Charles S., cashier, The First-Second Svgs. and Tr. Co., Akron, Ohio.  
 Matthews, Dave S., adv. mgr., Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., adv. mgr., S. W. Strauss & Co., 150 Broadway, N. Y. C.  
 Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.  
 Merrill, Frank, adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.  
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.  
 Mills, W. C., New Business Dept., Metropolitan Tr. Co., 60 Wall Street, New York.  
 Miner, J. H., mgr. Dept. of Public Relations, Seattle Nat'l Bank, Seattle, Wash.  
 Moniteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.  
 Moran, L. J., adv. mgr., First Nat'l Bank, St. Joseph, Mo.  
 Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.  
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

## N

Norberg, P. G., pub. mgr., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.  
 Nye, Frank T., cashier, First Nat'l Bank, Northboro, Iowa.

## O

Overton, J. A., cashier, Nat'l Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Painter, W. H., asst. to the pres., Security Nat'l Bank, Dallas, Texas.  
 Pierce, Matthew G., pub. mgr., Harris Tr. and Svgs. Bank, Chicago, Ill.  
 Poole, John, pres., Federal Nat'l Bank, Wash. D. C.  
 Potts, W. W., sec'y and treas., The Federal Title and Tr. Co., Beaver Falls, Pa.  
 Powell, V. M., cashier, Home Svgs. Bank, Brooklyn, N. Y.  
 Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, N. Y. C.

## R

Rankin, A. Erwin, pub. mgr., the Fidelity Tr. Co., Buffalo, N. Y.  
 Raven, F. J., American Oriental Banking Corporation, Shanghai, China.  
 Reid, Carol S., pub. mgr., Peoples Bank, Ltd., Hilo, T. H.  
 Reynolds, D. M., pub. mgr., First Nat'l Bank and Tr. and Svgs. Bank, Los Angeles, Cal.  
 Rittenhouse, C. M., Farmers Loan and Tr. Co., N. Y. C.  
 Rouff, Melvin, assistant cashier, Houston Nat'l Exchange Bank, Houston, Tex.  
 Ruff, William J., cashier, Luzerne County Nat'l Bank, Wilkes-Barre, Pa.  
 Ryland, Cally, mgr., New Business Dept., American Nat'l Bank, Richmond, Va.

## S

Schlenker, Almot, cashier, First Nat'l Bank, Brenham, Tex.  
 Service Department, Home Bank of Canada, Toronto, Canada.  
 Sclater, A. G., Union Bank of Canada, 49 Wall St., New York.  
 Scott, Walker, vice-pres., Virginia Tr. Co., Richmond, Va.  
 Sellow, Waldo W., Albert Frank and Co., 14 Stone St., New York City.

Shepherd, George W., Internat'l Tr. Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Tr. and Svgs. Bank, Kankakee, Ill.  
 Smith, A. C., vice-pres., City Nat'l Bank, Clinton, Iowa.  
 Smith, Allen T., mgr. Special Service Dept., Industrial Svgs. Bank, Flint, Mich.  
 Staker, F. M., mgr. pub. dept., Commerce Tr. Co., Kansas City, Mo.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, N. Y. C.  
 Stoner, T. H., cashier, The Peoples Nat'l Bank, Waynesboro, Pa.  
 Stover, J. C., sec'y-treas., Indiana Svgs. and Loan Association, South Bend, Ind.  
 Stretcher, John H., New Bus. Dept. Commercial Svgs. Bank and Tr. Co., Toledo, Ohio.  
 Sutton, Frederick T., pub. mgr., Mercantile Bank of the Americas, New York.

## T

Taylor, C. E., Jr., pres., Wilmington Svgs. and Tr. Co., Wilmington, N. C.  
 Tait, A. Gordon, pub. mgr., Royal Bank of Canada, Montreal.  
 Tidewater Bank and Tr. Co., Norfolk, Va.

## V

Van Blarcom, Wessels, assistant cashier, Second Nat'l Bank, Paterson, N. J.  
 Van Name, Miss M. L., 515 Stephen Girard Building, Phila., Pa.

## W

Wadden, John W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.  
 Wadden, Thomas A., vice-pres., Lake County Bank, Madison, S. D.  
 Wells, Geo. T., assistant cashier, Denver Nat'l Bank, Denver, Colo.  
 Wilkes, W. H., asst. to the pres., Nat'l Bank of Commerce, St. Louis, Mo.  
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third Nat'l Bank, Scranton, Pa.  
 Williams, John L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.  
 Winship, Addison L., vice-pres., mgr., pub. dept., National Shawmut Bank, Boston, Mass.  
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.  
 Woolford, Withers, Bank of America, 166 Montague Street, Brooklyn, N. Y.

## Z

Zambrano, Adolfo, Jr., c/o A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.  
 Zimmerman, Frank A., treas., Chambersburg Tr. Co., Chambersburg, Pa.  
 Zimmerman, Paul E., cashier., Oak Tr. and Svgs. Bank, Oak Park, Ill.



## NEW NAMES

Caplan, H. B., secretary to president, Canal-Commercial Tr. & Svgs. Bank, New Orleans, La.  
 Farmers & Mechanics Svgs. Bank, 115 Fourth St., Minneapolis, Minn.  
 Hirt, Eduardo C., Banco Hispano Lulizo Empressas Electricas, Plaza de Canalejas, Madrid, Spain.  
 Langstroth, Earl, Liberty National Bank, 120 Broadway, New York.  
 Lord, Andre, American For. Bkg. Corp., 53 Broadway, New York.  
 Starkweather, C. H., treas., Danielson Trust Co., Danielson, Conn.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY

# Book Reviews

**CURRENCY AND PRICES.** By Sir Lancelot Hare, K. C. S. I. London: P. S. King & Son, Ltd.

The author presents the problem of the necessity for currency being both plentiful for convenience and its unit being constant. He shows the vast number of evils resulting from a variable standard. As the medium is increased it becomes less valuable unless there is proportionally more work to be done by it. Therefore, the author believes that currency should be increased to the extent that the work it has to do increases. Similarly it should be decreased if the work to be done decreases. Changes in the average price of goods and services measure, or at least indicate, changes in the work the currency has to do.



**MEMOIRS OF THE EMPRESS EUGENIE.** By Comte Fleury. New York: D. Appleton & Company.

This is the intimate life story of the most romantic figure of the nineteenth century, told with that talent for charm of style and lightness of manner which only the French possess. The manuscript has long been in the possession of the publishers, but by special agreement was withheld from publication until the death of Eugenie. The book contributes valuable data to the history of the Second Empire, and as such is destined to be highly important as a work of historical reference. It also contains much of interest to the general reader with its glowing descriptions of the brilliant French Court of Napoleon III, together with the political, military, diplomatic and royal history of France during that period.



**THE CASE FOR CAPITALISM.** By Hartley Withers. New York: E. P. Dutton & Co.

Now that the capitalistic system is undergoing severe scrutiny, a book of this character proves timely. Mr. Withers, while not unmindful of the

sins both of omission and commission which may be justly charged up against capitalism, yet finds its achievements very great. He examines guild socialism and state socialism—the substitutes now being offered—and finds that neither would afford the freedom on the part of labor which it now enjoys.

The author sets this down as his ideal of a capitalistic system:

“Under an ideal capitalistic system every worker would be a capitalist and every capitalist would be a worker. And this is an ideal quite within the bounds of possibility.”

The tendency in modern industry seems to be slowly in the direction of achieving this ideal, for workmen are gradually acquiring a considerable share in the ownership of the industries in which they are employed.

Mr. Withers, while as the title of the book implies is presenting the case for capitalism, does it fairly and with ability, and in a most interesting manner.



**CURRENCY EXCHANGE TABLES.** G. B. Snell. Bank of Montreal, Quebec.

This book is published with a view to assisting officers in banks, trust companies, bond houses, etc., to calculate the exchange on transactions involving the transfer of funds between Canada and the United States. This edition contains a table giving the comparison between the premium on United States funds in Canada and the discount on Canadian funds in the United States.

Exchange at all rates are given, without the necessity of multiplying and dividing.

The exchange on the largest or smallest amounts can be arrived at by simply moving the decimal point to the right or left as required. The tables are of equal value whether funds are at a premium or at a discount, and consequently are as useful to United States firms as to Canadian firms. The book is indexed along the edge, so that any rate is instantly available without searching through several pages.

## Speeding up Freight Movement

Team-work counts. Handling the country's traffic with inadequate and war-worn equipment, American railroads were still able to make a new record for cars moved in August. Prompt loading and unloading by shippers contributed greatly to this result.

During September and since, this close co-operation has continued. It must go on, if trade and industry are not to suffer from lack of transportation. Advanced rates will insure future betterments, but they cannot provide locomotives and cars for many months to come.

Furthering the efforts of shippers and carriers, the Irving's Bill-of-Lading Department expedites all B/L transactions. It traces shipments, notifies consignees and presents "arrival" drafts daily by messenger in every part of Manhattan. The Irving correspondent gets a credit for its customer or a progress report is made the same day. The time saved is saved for the bank, the shipper, the railroads and all American business.

## IRVING NATIONAL BANK

WOOLWORTH BUILDING, NEW YORK



# SINCERITY IN SERVICE



The Equitable Trust Company of New York offers its clientele a service based on complete facilities, long experience, great resources and a thorough, conscientious appreciation of the customer's viewpoint. This institution adheres to the old fashioned belief that service performed should be equal to or greater than service promised. Throughout the entire organization the word service retains all of its old-time meaning.

## THE EQUITABLE TRUST COMPANY OF NEW YORK

BANKING, TRUSTS & INVESTMENTS  
SAFE DEPOSIT VAULTS

Total Resources over \$300,000,000

# International Banking and Finance

SPECIAL

**BANKERS  
MAGAZINE**

SECTION

## The Economic and Financial Position of Italy

By Nicholas Petrescu, Ph.D.

IT is perhaps not so widely realized as it should be that Italy's financial sacrifices during the war have been heavier than those of any other belligerent country. The total public debt of Italy amounts to about 14 billion dollars (83,719 million lire on October 31, 1919). If this amount is compared with the national wealth of the country at the eve of the war, estimated at 40 billion dollars, it is seen that Italy has mortgaged more than a third of national wealth. It is only in keeping in mind this fact that one can understand Italy's economic and financial difficulties.

In giving an account of the conditions which have determined such difficulties, I shall, however, show that Italy's present situation is much better than it was one year ago. Thus the reader should not infer that the conditions prevailing in Italy at present are hopeless because they are far from being good. If he compares them with those of last year and if he does not lose sight of Italy's tremendous losses during the war, he will see that the country is on the way of recovering from its financial and economic crisis.

### ECONOMIC CONDITIONS

Before describing the actual economic conditions of Italy it is well to give a few figures regarding the sacrifices in

men and ships sustained by the country during the war, for they have determined the present conditions. Furthermore, to realize the meaning of the sacrifices it is necessary to compare them with those of France and Great Britain:

	Population	Men Dead	Per- cent- age
Great Britain and Colonies	430,000,000	689,246	0.16
France and Colonies	87,000,000	1,071,300	1.2
Italy and Colonies	38,000,000	496,921	1.3
	Tonnage on August 1, 1914	Losses Up to Nov., 1918	Per- cent- age
Great Britain	18,356,000	7,825,598	42.63
France	2,300,000	908,068	39.44
Italy	1,534,758	906,393	58.93

These figures show clearly that Italy has lost more men and ships in proportion to her population and total tonnage of merchant marine than Great Britain and France. On account of the overpopulation of the country the losses of men did not bring about a shortage of labor as in other belligerent countries, but the losses of ships have had the most deplorable effect on the business activities of the country. Italy, in spite of her important agricultural and mineral production, imports a considerable quantity of foodstuffs and raw materials. For this reason the question of shipping plays a decisive role in the economic life of the country.

From the signing of the armistice until the close of last year, Italian industries have been handicapped by the shortage of tonnage. The imports of raw materials and foodstuffs from the United States and South America had been greatly reduced during that period. Many factories in the northern part of the country (Lombardy) remained idle on account of lack of coal and raw materials. The number of unemployed was appalling. A general feeling of discontent reigned throughout the country and the crisis threatened to degenerate into civil commotions. In short, Italy was facing a serious coal and food crisis at the end of 1919. Thanks to the intervention of the Government and the initiative of the great industries the crisis was averted. At the beginning of the current year, shipping began to improve, and the imports were thereby increased. The problem of coal and food was, however, dependent not only on transport facilities, but also on the conditions of production in other countries.

#### THE FUEL PROBLEM

The prospect of a grave shortage of coal has not altogether disappeared from the national economy of Italy. This is explained by the decision of the British Government to reduce the quantity of coal for export to 21 million tons per annum, that is, the cutting down of export to almost one-quarter of the pre-war figures.<sup>1</sup> Italy is now more dependent on English coal than before the war on account of the inaccessibility of German coal.

In 1913 Italy's imports of coal amounted to 10,834,000 tons; in 1917 it fell off to more than half of this amount, namely, to 5,037,000 tons. In 1919 it amounted to 6,226,451 tons, of

<sup>1</sup> The British Government cut down the export of coal in order to safeguard the needs of home industries. As a matter of fact, the output of English coal has fallen off on account of the strikes and the shortening of work hours. Thus the output of coal has fallen from 287,411,869 tons in 1913 to 227,714,579 tons in 1918, in spite of the fact that the number of persons employed in mines last year represented an increase of 63,423 persons over that of the pre-war year. In 1919 the coal output rose to 229,743,128 tons.

which 4,689,786 tons came from Great Britain.

The imports of English coal have a little increased lately, thanks to the good-will of the British Government to meet the demand of the Italian industries. Thus the English coal exports to Italy amounted to 204,290 tons in March, 233,073 tons in April, and 289,150 tons in May. The total quantity of English coal for Italy in 1920 will, however, be one million tons less than last year.

Italy has already appealed for American coal, but the import of fuel from the United States is too expensive, owing to adverse exchange and high ocean freights. In 1919 the imports of coal from the United States amounted to 1,159,252 tons. The imports of American coal may be developed only under better conditions of price and transportation.

The import of South American coal, especially from Chile, is being seriously considered in industrial circles. The recent reports of the existence of coal in Argentina have also been considered as a possible opportunity for the future of Italian industries.

A partial solution of Italy's fuel problem lies in the utilization of the natural resources of hydraulic energy found in the great number of waterfalls of the country. It has been estimated that the potential energy existing in the various cascades and rapids of Italy amounts to over five million h.p., of which 976,000 h.p. are already utilized. The growing cost and shortage of coal will probably lead to a wider exploitation of electric energy. The question of the electrification of railroads has been considered in Italy lately. The realization of such a plan would save about 1,300,000 tons of coal out of 2,600,000 tons annually needed by the Italian railway system. Moreover, an extension in the use and exploitation of national coal, lignites, has been strongly encouraged during the last few years, although the caloric capacity of this fuel is inferior to that of coal. The extraction of lignite rose from 697,000

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tons in 1918 to over 5,000,000 tons in 1918.

### THE FOOD PROBLEM

The food problem is also full of perplexing difficulties for Italy. In spite of the important agricultural production of the country, Italy imports a large quantity of foodstuffs. The normal production of grain in Italy amounts to 45 million quintals per annum, but this is not sufficient for the needs of the entire population. When the inland production is normal, the imports of grain amount to 25 million quintals per annum, which means that Italy is dependent on foreign imports for more than a third of her total consumption of grain. The countries from which the grain is imported at present are the United States, Canada and Argentina, that is to say, where the Italian lire is most depreciated.<sup>2</sup>

<sup>2</sup>In normal times Italy imports a large quantity of cereals from Russia and Roumania. According to recent reports Roumanian wheat will be imported this year, thanks to an economic accord reached between the two countries.

Besides grain, Italy imports meat and other foodstuffs from transoceanic countries. The shortage of meat continues in some parts of the country where wartime restrictions are still being observed. The shortage is due partly to transport difficulties, partly to the high price which Italy must pay on account of her exchange situation.

The serious part of the food problem lies for Italy, as for any other country dependent on foreign imports, in the prospect of a grave world shortage of wheat caused by the diminution of production and by the increase of consumption. Not only in Russia and other grain growing countries of Europe is the production of cereals diminishing, but also in America, where sowings have fallen off about 30 per cent. The recent reports of the growing consumption of bread in China and Japan are also disquieting, for this means that about 500 million people are turning from rice to wheat. The sudden prohibition of wheat and flour from Argen-

tina some time ago, as well as the prohibitive regulations existing in other agricultural countries with regard to the export of cereals, are facts which contribute to Italy's food difficulties.

To alleviate the shortage of food the Italian Government has taken several measures of restriction. The consumption is being reduced, and a new bread scheme is being contemplated, whereby the price for wheat is nearly doubled.<sup>1</sup> Besides this, the inland production of cereals is being encouraged by every means. Nevertheless, the problem of food, like that of fuel, is dependent on the conditions of production in the rest of the world. Italy is, therefore, unable to remedy the present situation until conditions in the grain growing countries improve.

#### FINANCIAL CONDITIONS

The financial situation of Italy presents the same aspect as that of other belligerent countries of Europe. As already remarked, Italy's financial sacrifices during the war have been very heavy. To realize the present difficulties one should bear in mind the following facts and figures. Italy's expenditures last year reached the amount of 32,599,000,000 lire, which means an increase of 28,393,000,000 lire over the normal peace expenditures of 4,206,000,000 lire. Of the total expenditures, over 23,000,000,000 lire represented the actual war charges. The receipts of revenues for the same period amounted to 9,498,000,000 lire; that is to say that the deficit amounted to 11,630,000,000 lire. Furthermore, the expenditures foreseen in the budget of the financial year 1920-21 amount to 9,535,000,000 lire and the receipts to 7,491,000,000

lire. The deficit of the budget will amount to over 2,000,000,000 lire. To cover the deficits of the last two years the Italian Government has appealed mostly to Treasury resources.

#### THE DEPRECIATION OF ITALIAN CURRENCY

Emissions of paper money in exaggerated quantity have whittled down the value of the lira. At one time the dollar was worth 25 lire in Italy. The monetary circulation on October 31, 1919, amounted to 14,506,000,000 lire against 2,576,000,000 lire on June 30, 1914. Besides inflation, the lack of equilibrium between imports and exports has contributed to the depreciation of the lira. As long as Italy pays out a great deal more than she receives the value of the lira cannot improve.

There is, however, a good side to this bad situation. The low value of the lira acts as a powerful stimulant for Italy's export trade. Italian manufactured goods have thus penetrated into many European countries where American and British goods could not be purchased at the same price. Besides this, the tourist traffic, which before the war was a chief source of revenue, is now regaining its former position, owing to the depreciation of the lira. While Switzerland's resorts are almost deserted on account of the high value of her currency, Italy's artistic centers are full of tourists.

#### TOWARDS FINANCIAL AND ECONOMIC RECOVERY

The re-establishment of Italy's public finances depends on the introduction of a sound fiscal system and on further credits abroad. The Italian Government has lately imposed new taxes, of which the tax on war wealth promises to yield a considerable amount to the Treasury. The new taxation will, however, not suffice to straighten the public finances. To impose further burdens upon the Italian people, who are taxed up to the hilt, is neither wise nor practical. The Government has been obliged to renounce the tax on capital and other

<sup>1</sup> The Bread Bill, which has been the occasion of the fall of the Nitti Government, established new prices for wheat, bread and macaroni. The government price for wheat is fixed at 115 lire per quintal for soft wheat and 140 for hard. According to this rate the price of bread will be about 15c. per lb. as against the present price of 8c. The bill is meeting a strong opposition from the Socialists of Parliament, although the working classes and the employees whose income is less than 12,000 lire per year will receive an allowance of 25 centesimi per day from their employers to cover the increase in price.



drastic fiscal measures which would have hampered the economic reconstruction of the country.

The indemnities which will come from Germany are not sufficient to restore the financial equilibrium of the country, for both the way they are going to be paid and their amount are unsatisfactory to Italy. As a matter of fact, the question of the division of German payments has aroused much discussion in Italy, since Great Britain and France have settled these points between themselves at the Hythe Conference and since the Conference of Spa has little changed the decisions reached at Hythe. Italy is not satisfied with the portion allotted to her, but she is willing to accept the decision of the Allies out of a spirit of solidarity.

To rehabilitate her public finances Italy will seek new credits abroad, especially in the United States and Great Britain. Without the granting of credits for the purchase of raw materials the Italian industries will be unable to recover their pre-war situation.

There is no reason why such credits should be denied to Italy, for, according to the latest reports, the country is in the way of recovering from the consequences of the war.

The expansion of the majority of Italian banks during the last six months is ample proof of the economic and financial progress of the country. The foreign trade of Italy is also satisfactory. Thus the imports for the first two months of the current year amounted to 1,997,900,000 lire against 2,430,700,000 lire for the same period in 1919, while the exports amounted to 966,300,000 lire (January and February, 1920) against 467,700,000 lire in 1919. These figures show a slight improvement in the trade balance. The excess of imports fell from 1,963,000,000 lire for the first two months in 1919 to 1,031,600,000 lire for the same period in 1920.

In short, Italy's economic and financial position, though difficult at present, is not critical. With a little good-will



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on the part of the more prosperous countries, such as the United States and Great Britain, she will recover her former prosperity. It is in the interest of these two countries to help a nation that abounds in economic possibilities.

Before closing this article, I should like to point out that the Italian people want to remain loyal to their former allies. The attitude of the Giolitti Government represents this sentiment of the Italian nation. Nevertheless, no government could maintain its authority before the people without having obtained economic and financial arrangements with the allied countries. The international policy of Italy is today dependent on the advantages that can be obtained for the economic rehabilitation of the country.

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## Bolshevism and Banks

By Paul Einzig

Fellow of the Royal Statistical Society

**T**HE programs of Bolshevism contains, among other items, the entire removal of the banking system from economic life. The cause of this is by no means a peculiar antipathy of Bolshevists toward this peculiar institution of the capitalist system, but the realization of Bolshevist ideals would really render banking superfluous. In a society where there is no such thing as credit or commerce and where the state is the only possessor of the means of production it is quite superfluous to maintain the enormous organization of present-day banking. Moreover, the Soviet State is an absolute enemy of savings, for it would lead to the development of a new wealthy class, the prevention of which is the chief interest of a Soviet State. Therefore, even the primitive function of banks—that of accumulating deposits

—would cease in a Soviet-Republic.

The description of the method by which the Bolshevists carry out the devastation of the banking system in the countries where they have attained power is an interesting chapter in the history of banking. We have been able to observe these endeavors in two countries—Russia and Hungary; the Bolshevist experiences in Finland and Bavaria were too short to afford much light on the subject.

The attitude of the Russian Soviet Government toward banks is well known. The nationalization and unity of Russian banks, the audacious resistance of bankers' clerks, the confusion caused by uninitiated managements have all been dealt with in the world's press. But the history of Hungarian banking under Bolshevism has been neglected, although it is by no means

less interesting than the Russian experiment, and in certain lights still more characteristic.

In order to understand the situation it is necessary to go back to the banking of Hungary during the Karolyi period.

During the last months of the war a shortage of bank notes became apparent in the late Austrian Hungarian monarchy. The rise of the quantity of bank notes was insufficient to keep pace with the rise of prices, and so the note circulation failed to satisfy the wants of the public. When the collapse of the Central Powers was obvious this shortage at once became much greater; the public, fearing the suspension of payments, took its money from the banks and hoarded enormous quantities of bank notes. The Hungarian banks found themselves in a different situation, for the Austro-Hungarian Bank was unable to satisfy their claims for bank notes.

This situation became still worse after the revolution of October 31, 1918. The banks paid out only limited amounts to their customers. The shortage of bank notes ceased only when the Austro-Hungarian Bank had some printing offices in Budapest to print primitive 200 and 25 crown notes. However, the greatest part of the population found it more advisable to keep money at home. The reason for this was, on the one hand, to save money from the threatening tax on wealth; on the other hand, the fear of a Bolshevik revolution. This was why the Bolsheviks captured from the banks a relatively small amount of bank notes.

Besides the shortage of bank notes the banks had many other difficulties during the Karolyi period. In the first place they had much uneasiness among their own employees. Thousands of demobilized employees went back, and the management could not help removing the superfluous clerks employed for the period of the war. The managements granted the removed clerks one year's salaries, twice the amount of which—according to a decree of the Karolyi government—they

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were obliged to grant them. In spite of this the removed clerks were dissatisfied and hindered the continuance of business in a forcible manner. The strikes spread to all the banks and they all terminated with the defeat of the institutions.

Most of the great industrial undertakings were in possession of the banks who were obliged to cover the enormous deficits arising in consequence of the lack of working discipline.

In March, 1919, the Austrian Government ordered the retention of all valuables kept by the banks of German Austria. The Hungarian Government after a few days followed the Austrian example. But it was too late, for in the meantime the public stormed the banks and took back all kinds of deposits. The Association of Bankers' Clerks defied the managements of the banks and compelled the control of its

own trustees concerning the carrying out of the retention of valuables.

A few days later, on March 21, 1919, the Bolsheviks came into power. In the first days of the Bolshevik reign the Soviet Government put the banks under its control. Most of the former managers had been removed; only a few popular managers having been left in their former position, with a very restricted sphere of activity and under strict control. The clerks had chosen committees consisting of two or three members, with such name as "directorium"; however, they also had very limited powers. In important questions they depended upon the decision of the Committee of United Banks, which became a branch of the People's Commissariat for Finance.

#### THE BOLSHEVIST VIEW OF BANKING.

The nationalization of banks did not signify very substantial advantages for the Soviet State. Banks, like many other kinds of socialized private property, represent a value in a capitalist society only; in a communist society—quoting the words of a leading article of Jenó Varga, president of the Supreme Council of People's Economy, which appeared in the Hungarian Socialist newspaper "Nepszava"—"banks are nothing else than buildings full of valueless business books and writings." The possession of the banks did not improve at all the economic situation of the Soviet Republic, for the productive forces of the banking system ceased at once with the death of individual interest.

As mentioned above, the scheme of the Bolsheviks tended to the entire removal of the banking system. However, they were unable to carry it out at once, for in the "period of transition" they needed the activity of banks, although in a very limited territory. The only important task of banks during Bolshevism was to carry out the measures of the Soviet Government concerning safe deposits, current accounts, etc. In the first days of the Soviet reign the Soviet Government prohibited the paying out to individ-

uals of any amount exceeding 200 crowns. The commercial and industrial undertakings got the money necessary for wages, etc., on the basis of the assignment of the Factory Workmen-Council. A little later they modified this measure by allowing the payment of 10 per cent monthly on current balances, up to a monthly amount not exceeding 2,000 crowns. With this modification the Soviet Government has to a certain degree rendered endurable the life of the bourgeoisie, not because of any feeling of compassion, but in its own selfish interest; namely, it had prevented by these means from driving the bourgeoisie into an utter desperation that would have led to counter-revolutionary movements. Owing to this policy there was not one counter revolution during the Bolshevik period in Hungary in which the bourgeoisie had taken active part. Because of the lack of the only true revolutionizing factor—misery—they waited impatiently, but in entire passivity, for the intervention of the Allies.

On the other hand, the Soviet Government took careful measures to avoid the bourgeoisie getting into its hands more than 2,000 crowns monthly. It ordered that each individual or firm keeping current accounts at several banks should centralize its current accounts at one single bank. So it was made impossible to get several times the stipulated 2,000 crowns per month.

In the meantime the Soviet Government commenced a huge propaganda against the hoarding of money. Commissary Jenó Barga, in the first week of the Bolshevik reign, invited the representatives of financial journalism to put forth all their efforts in behalf of this propaganda; he pointed out that in the case of the public not paying in the hoarded money into the banks he would be obliged "to multiply the quantity of paper money until the price of a kilogram of bread should increase to two hundred crowns." The whole Hungarian press reproduced this threat. The effect of the threat itself was insignificant. There was hardly anyone who had paid in voluntarily his hoard-

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ed money into the banks. On the contrary, everybody made use of the right of taking up monthly 10 per cent of his balance, whether he needed it or not. Later the Soviet Government ordered the shopkeepers to pay in the margin of their incomes and confined the trustees of shops to control the carrying out of this measure. Most of the commercial assistants became within a short time enemies of the Soviet system and they did not bother very much about the matter.

The Soviet Government tried to entice the hoarded money by allowing an interest of 4.5 per cent. on new deposits. With this measure it came into sharp conflict with the principles of Leninism, according to which interest is one of the most characteristic sorts of "workless revenues." This measure had been accompanied by a press campaign, but it remained entirely ineffective.

### THE RESORT TO FORGERY.

As is well known, the Hungarian Soviet Government began to forge the primitive 200 and 25 crown notes of the Austro-Hungarian Bank. The result of this proceeding was that the public lost confidence in this sort of bank note, and accepted the old notes of the bank only, the forgery of which was impossible, owing to the lack of the necessary technical arrangements. The Soviet Government ordered the banks to surrender their supply of old bank notes. However, the employees of banks soon replaced these bank notes by forged ones, so that they only surrendered very small amounts.

Special commissions began the inventory of safes. The tenants of safe deposit boxes had been called on to send in the keys or to present them in person, otherwise the safe would be broken open. A considerable part of the tenants did not follow these instructions. Part of them ran away from Budapest.

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measures of the Bolshevik Government.

The current accounts of socialized industries had been seized by the Soviet Government and the workmen's councils of the industries were authorized to take the money. As most of the socialized industries had no incomes at all, or at least much less than the expenses, the workmen's councils could not help overdrawing the current balances. After the collapse of Bolshevism almost every company was heavily indebted to its bank. This condition gave much uneasiness to the Hungarian Government that succeeded the Soviet Government. It is extraordinarily difficult to decide whether the real owners should be obliged to pay the debts made by their workmen without their authorization.

In the last weeks of the Soviet reign Commissary Lengyel proposed at a session of the Central Soviet the abolition of the remainder of banks of a private character—the individual firms. But this measure could not be carried through, for the victory of the Rumanian army suddenly interrupted the Bolshevik experiment in Hungary.



## Interesting Articles

the other part hoped that the termination of Bolshevism would take place earlier than the breaking open of the safes. And they speculated well, for most of the inventory commissions worked exceedingly slow. The cause of this was that the majority of the bank clerks shortly became bitter enemies of Bolshevism. They saw that in case of the Soviet reign's permanence they soon would become superfluous. And, indeed, the Soviet Government ordered most of the branch institutes to close and to centralize all business and office activity in the chief institution. Besides that, the bank employees, even those who had been exempted during the war, were enrolled in the Red Army. They formed bank workmen battalions, which suffered enormous losses during the war with Czechoslovakia and Rumania. Most of the bankers began a sabotage toward the Soviet system and carried out very slowly and unpunctually the

**S**TUDENTS of foreign banking will find a great deal that is interesting and instructive in the various articles which have been appearing from month to month in *The Amforbacor*, the monthly house organ of the American Foreign Banking Corporation of New York. The first number, which appeared in April, 1920, contained an article by the president, Archibald Kains, entitled "Foreign Banking in the United States." In the second number the first vice-president, H. B. Harris, has an article entitled "The Origin of Banking," which traces the beginnings of banking to the Phœnicians, who are said to undoubtedly have done a banking business as early as 3,000 B. C. The June number contains a suggestive article by Vice-President A. G. Fletcher, pointing out the value of co-operation between

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the staffs of all of the various branches of the American Foreign Banking Corporation in all parts of the world. "New Business and Credits" is the title of an article by Vice-President E. Fleischmann, which appears in the July number, and in the August number Philip J. Vogel, another vice-president, has an article entitled "Money and Foreign Exchanges." In the September number there are three interesting articles: "Export Credit Division," by William H.

Franke; "A Visit to Some of the Central and South American Branches," by George W. H. Howard, and "My Trip to Manila," by Winslow Little.

Andre Lord, manager of the Foreign Trade Bureau, who is editor of *The Amforbacor*, has adopted a policy of combining bright newsy items about the personnel of the bank with serious articles of an educational nature written by officers of the corporation and by other authorities on various subjects.

## American Bank Expansion and Credit Control

By B. M. Anderson, Ph.D.

Economist of the Chase National Bank, New York.

[From the *Chase Economic Bulletin*.]

THE growth of the unfunded debt of Europe to private individuals, banks, and corporations in the United States has come chiefly since the middle of 1919. During the earlier half of 1919, the export balance to Europe

was largely offset by credits granted by the United States Government. Going along with this growth of the unfunded debt, there has come a dramatic increase in bank expansion in the United States. The total loans and investments of "re-

porting member banks" of the Federal Reserve System increased 25.4 per cent. from April 11, 1919, to April 9, 1920. During approximately the same period, namely from May 12, 1919, to May 4, 1920, the loans and discounts of all national banks increased 24 per cent. There has been, also, during this period a tremendous expansion in rediscounts of the Federal Reserve banks and in the deposit liabilities and Federate Reserve note liabilities of the Federal Reserve banks themselves.

The connection between the growth of the unfunded debt of Europe to private creditors in America and bank expansion in the United States seems clear and definite. Directly or indirectly, bank credit has carried, and is carrying, this unfunded debt. Loans made by American banks directly and simply to European importers are, no doubt, relatively small in volume. There has been a much larger volume of credits extended by American banks to European importers on the guaranty of responsible European banks, particularly British banks. Credits have been granted directly by American banks to European banks, particularly British banks. A larger part of the unfunded debt is probably immediately carried by American exchange speculators. A yet larger part is probably carried directly by American producers and exporters, who have tied up working capital in advances to Europe. The credit directly advanced by exchange speculators and exporters, however, comes ultimately from the banks, since the exchange speculators, borrowing often on other collateral, have been obliged to borrow bank money, which they would not otherwise have needed, while exporters and producers, who have tied up their working capital in these advances, have been obliged to have recourse to their American banks to replenish their working capital. These last two factors, therefore, have also occasioned expansion of bank loans in the United States, which are ultimately attributable to the unfunded debt of Europe.

An important point is here suggested regarding the policy of the Federal Re-

serve authorities in the matter of credit control. There have been two main theories as to just how this control should proceed. There is very general agreement that the expansion of our bank loans in the past fifteen months, accompanied, as it has been, by the loss of gold, the two combining to reduce reserve ratios, has made it imperative that credit expansion should be checked. One school of thought has looked at the matter in block, and has felt that a general policy of credit contraction all around is called for. The simple method of raising discount rates has been regarded as of primary importance in this connection. The discount rates have been raised, and they have had a very marked effect in retarding the expansion of bank credit. But even very high discount rates have not yet succeeded in reducing the aggregate. Another theory would seek to make discrimination in the restricting of credits and emphasize the importance (a) of restricting loans for "non-essential" production, (b) of restricting loans for speculation, both in the stock market and in the commodity markets, and (c) of a policy of forcing out of the banks the Government war paper and collateral loans secured by Government war paper, which they have held. This theory has also been acted upon, and there has come, as a result, a marked reduction in collateral loans based on stock market securities, in bank holdings of Government war paper, and in collateral loans based on Government war paper. The achievement in connection with this last point has been particularly noteworthy. The total of United States securities owned on April 11, 1919, by the "reporting member banks" was \$3,026,000,000. By April 9, 1920, this had been reduced to \$1,607,000,000. The holding of United States treasury certificates of indebtedness alone for these banks was reduced from \$2,109,000,000 on April 11, 1919, to \$551,000,000 on April 9, 1920. Despite this very sharp reduction, however, in Government paper, the total loans and investments of the "reporting member banks" increased during this



中法實業銀行

# Banque Industrielle de Chine

Capital Subscribed . . .	Francs	150,000,000
Capital Paid Up . . .	"	75,000,000
Surplus and Reserves . .	"	70,000,000
Deposits . . . . .	"	885,000,000

The Chinese Government owns one-third of the Capital

**HEAD OFFICE: PARIS**

**Central Office, Far East: Peking**

**BRANCHES AND AGENCIES :**

<b>EUROPE</b>	Marseilles	<b>INDO-CHINA</b>	Halphong
Paris	*Havre	Saigon	Hanoi
Lyons	London		
*Bordeaux	Antwerp		
		<b>STRAITS SETTLEMENTS</b>	
<b>CHINA</b>	Hongkong	Singapore	
Peking	Swatow		Yokohama
Canton	*Shanghai	<b>JAPAN</b>	Vladivostok
Foochow	Tientsin	<b>SIBERIA</b>	Mukden
Hankow	Yunnanfu	<b>MANCHURIA</b>	
		<b>UNITED STATES</b>	New York

\* In Formation

The New York Agency of this bank is equipped to extend every facility for banking service between the United States and foreign countries

**New York Agency - - - 27 Pine Street**

O. J. THOMEN, Agent.

period, as stated above, 25.4 per cent. The increase, consequently, in other forms of loans and investments was very much greater than this percentage. There has been a similar sharp reduction during the period in collateral loans secured by United States war obligations. This item stood for the "reporting member banks" on April 11, 1919, at \$1,110,000,000 exclusive of rediscounts with the Federal Reserve banks, and on September 3, 1920, it stood at \$957,000,000 inclusive of rediscounts with the Federal Reserve banks. The actual reduction is much greater, of course, than these figures indicate.

With the policy of holding the aggregate of bank loans and bank investments in check by high discount rates for the purpose of protecting reserves, the writer would express the fullest sympathy. It has been a necessary policy. With the policy of discrimination against non-essential loans and speculative loans, only sympathy and concurrence can be expressed. To the

further policy of forcing United States Government obligations out of the hands of the banks and into the hands of investors, again commendation must be given. But it appears that in none of these have we really struck at the crux of the matter.

The policy of discrimination, if we really wish a thorough-going contraction of American bank credit and readjustment on a fundamentally sound basis, must strike at the fountain and source of the whole expansion. That primary source is *not* to be found during the past fifteen months in Government borrowing or in bank holdings of Government paper. This has been a steadily diminishing factor. It is not even to be found in the speculation which much of the period since April, 1919, has exhibited. That speculation is secondary and derived. The primary explanation is to be found in a tremendous outpouring of an excess of exports to Europe, which has actually been greater since the armistice than in the period preced-

# The Monthly



## Commercial Letter

issued by this Bank reviews the financial and trade conditions of the Dominion of Canada.

Our widespread branch system enables us to keep in close touch with affairs throughout the country and the letter is looked upon as one of the most reliable summaries of the General situation.

We shall be glad to mail this to you regularly without charge upon request.

## The Canadian Bank of Commerce

**Paid-Up Capital \$15,000,000**

**Reserve Fund \$15,000,000**

**Total Assets (29th Nov., 1919) Over 479 Millions**

**532 Branches**

ing the armistice, and which has been paid for so largely through the creation of new bank credit in the United States. This export balance has drained our markets of goods and raised our prices. It has encouraged the speculation in commodities, which has still further raised our prices by creating artificial shortages and by raising exaggerated hopes of future price increases.

The existing facts must be recognized, and no violent reversal of policy without notice is to be recommended. We can reduce bank loans in this connection only gradually. But we should cease to increase them for this purpose. If Europe needs credit—and Europe does need credit—it is investors' money, rather than bank money or the working capital of active businesses, that should be the primary reliance.

This does not mean a cessation of bank loans in connection with the export trade. One of the most legitimate of banking functions is the financing of a *two-sided* foreign trade. Where it is

clear that payment can really be made for goods exported, temporary advances of banking funds in anticipation of final payment should, of course, be made. But bank money should not continue to be called on for financing the *export balance*.

Cessation of bank expansion in this connection would undoubtedly lead to a sharp contraction of our export balance with Europe. It would make it necessary for our domestic market to absorb a very large volume of goods per month which they have not in the past twenty months been absorbing. It would break commodity prices through the increase in domestic supplies, and would further break them through the discouragement it would give to speculative withholding of goods from the market. Following the decline in prices, there would automatically come a general contraction in bank credit, which almost all agree the situation requires.

That Europe will continue to need certain goods from us, notably raw ma-



# ATLANTIC National Bank

257 Broadway—Opposite City Hall  
NEW YORK CITY

Statement of Condition, September 8, 1920

RESOURCES		LIABILITIES	
Loans and Discounts.....	\$17,811,986.94	Capital Stock.....	\$1,000,000.00
U. S. Bonds and Certificates of Indebtedness.....	1,761,390.48	Surplus and Undivided Profits.....	1,136,716.64
Other Bonds, Securities, Etc.....	1,265,144.68	Unearned Discount.....	116,488.09
Due from Banks and Bankers.....	409,813.36	Reserved for Taxes, Expense, Etc.....	36,466.00
Cash, Exchanges and Due from Federal Reserve Bank.....	5,372,483.31	Deposits.....	20,147,796.59
Interest Accrued.....	33,480.30	Bills Payable and Rediscounts with Federal Reserve Bank.....	3,126,977.83
Customers' Liability under Let- ters of Credit and Acceptances.....	1,179,698.09	(Secured by Liberty Loan Bonds, \$2,291,977.83.)	
		U. S. Bonds Borrowed.....	795,400.00
		Circulation.....	241,600.00
		Letters of Credit and Acceptances	1,234,522.01
	<b>\$27,833,947.16</b>		<b>\$27,833,947.16</b>

Commercial and Travelers' Credits issued but not drawn against, \$2,099,113.20

Phineas C. Leunsbury, Chairman  
Herrnan D. Kountze, President

Edward K. Cherrill, Vice-Pres.  
Kimball C. Atwood, Vice-Pres.  
Frank E. Andrus, Cashier  
John H. Brennan, Asst. Cashier  
John H. Trowbridge, Asst. Cashier

Gilbert H. Johnson, Vice-Pres.  
Charles F. Junod, Vice-Pres.  
John P. Laird, Asst. Cashier  
Hugh M. Garretson, Asst. Cashier  
Geo. M. Broemler, Mgr. Foreign Dept.

terials and foods, is clear. But that Europe cannot afford to take goods from us, particularly finished manufactures, including luxuries in the volume in which she has been taking them in the past twenty months is equally clear. That we cannot afford to continue sending her these goods on an unsound financial basis is also clear. A policy of discrimination by the Federal Reserve authorities and the banks against this kind of bank expansion would bring the fundamentals clearly to light, would force upon Europe the problem of ascertaining clearly what goods she really must have from us, and would force upon America the problem of ascertaining carefully what long time credits she is really prepared to extend.

There has been a great deal of discussion, beginning before the armistice, of the necessity of placing long time European securities in the hands of American investors in connection with the export trade. Such securities privately placed, however, have been small in

volume, and have, in fact, as our tables show, been actually exceeded by maturing obligations from Europe. Europe has had bank money and the working capital of American businesses rather than investors' money. No doubt, a primary explanation of the ease of getting American bank money and the working capital of American corporations for this purpose has been the fact that British credit has stood as an intermediary between the United States and Continental Europe.

It appears that the end of this is in sight, even without special discrimination by the Federal Reserve authorities. With the reaction in business that has already come, and with the tension in our own money markets, few American businesses have a great deal of working capital which they can afford to tie up in this way, while American banks are increasingly disposed to check loans for expansion in any direction, whether in foreign or in domestic trade. None the less, a clear definition of policy on the

# Increased Trade With France and Belgium



**D**URING the past year the trade of the United States with France was valued at \$1,017,240,405, and with Belgium at \$385,576,408, exports to the latter reaching double their value of 1918.

Our close relations with Lloyds and National Provincial Foreign Bank, Ltd., enable us to offer complete banking facilities throughout France and Belgium. Branches in Cairo and Alexandria, Egypt, throughout Morocco and West Africa. Special equipment for handling transactions in Tunis and Algeria.

*The New York Agency invites inquiry*

## **Bank of British West Africa**

Head Office, London

**New York Office—100 Beaver Street.**

R. R. Appleby and Rowland Smith, Agents

<b>Authorized Capital, \$20,000,000</b>	<b>Paid Up Capital, \$6,000,000</b>
<b>Subscribed Capital, 15,000,000</b>	<b>Reserve - - - 3,125,000</b>

# Banking Service in the Far East

## BRANCHES

<b>BURMA</b> Rangoon	<b>FRENCH INDO-CHINA</b> Haiphong Saigon	<b>JAPAN</b> Kobe Yokohama	<b>PHILIPPINES</b> Cebu Iloilo Manila
<b>CEYLON</b> Colombo	<b>INDIA</b> Amritsar Bombay Calcutta Cawnpore Delhi Karachi Madras Tavoy	<b>JAVA</b> Batavia Sourabaya	<b>MALAY STATES</b> Ipoh Klang Kuala Lumpur Penang Seremban Singapore Taiping
<b>CHINA</b> Canton Hankow Hongkong Peking Shanghai Tientsin		<b>SIAM</b> Bangkok Puket	
		<b>SUMATRA</b> Medan	

## Chartered Bank of India Australia and China

Head Office  
London

New York Agency, 88 Wall Street  
William Baxter, Agent

Capital and Reserve  
Over \$24,000,000

part of the Federal Reserve Board in this matter would clarify the situation very greatly.

### Great Britain

#### Deflation the Pressing Problem

**D**EFLATION of over-expanded bank credits, resulting from government war borrowing, is one of the pressing problems confronting Great Britain to-day. How this credit inflation was brought about is explained in a study of "English Public Finance" issued by the Bankers Trust Company of New York.

"For the benefit of those who are not familiar with banking operations in England and the United States," says the study, "it may be explained that, as a usual thing, every loan made by

a bank results in an increase in the deposits of the bank or of some other bank. If a merchant or manufacturer or other business man borrows at his bank he usually has the amount of the loan credited to his account.

"The result is that an increase in bank loans is nearly always accompanied by an increase in bank deposits. Therefore, an increase in the deposits of a bank is not necessarily, as is often thought, an index of the increasing wealth of a community but often merely of increasing business activity or simply of credit expansion.

"The war financing in England and in America was effected by the use on a large scale of this familiar process of everyday banking. Each loan issued by the nation increased the loans as well as the deposits of the banks.

"This was due in large part to the fact that in many instances the purchasers of government obligations borrowed from their banks in order to obtain the funds with which to pay the

# BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

*U. S. Gold* \$2,280,000

## BRANCHES IN COLOMBIA:

**Bogota**  
**Bucaramanga**  
**Cartagena**  
**Cienaga**

**Cucuta**  
**Girardot**  
**Honda**  
**Magangue**

**Medellin**  
**Ocana**  
**Riohacha**  
**Santa Marta**

Distinctively efficient service rendered to financial institutions, corporations, merchants, manufacturers and individuals requiring a Colombian connection.

International banking business of all descriptions transacted.  
The agency of foreign and Colombian banks undertaken.

**Telegraphic Address: Dugandbank, Barranquilla**

government. These loans created deposits against which cheques were drawn to the order of the government—that is, in England, to the order of the Bank of England.

“The actual payment might have been to the order of one of the joint-stock banks, but ultimately the money would reach the exchequer through the Bank of England. The government would then draw upon this deposit to pay its expenses for munitions, for food and clothing for the enlisted men and for the hundred and one other needs of a nation in a time of war.

“One method by which the banks developed an ability to finance the stupendous needs of the government was through a utilization of the credit facilities of the Bank of England. To increase their clients’ ability and their own ability to invest in government issues they would borrow of the Bank of England.

“These loans would increase their

deposits with the Bank of England which as reserves would increase their ability to grant to their own clients loans equivalent to, say, five times such deposits.”

Hence the inflation of bank credits.

“Upon the reduction of England’s floating debt more than upon anything else,” says the Bankers Trust Company, “depends the reduction of the over-extended credit structure. This debt consists of ways and means advances to the government, namely, temporary bank loans, and outstanding Treasury bills which correspond to American certificates of indebtedness.

“At the end of the fiscal year, March 31 last, the British floating debt was roughly six and one-half billion dollars. A reduction of about \$250,000,000 had been effected up to July 31. This is a change in the right direction though not yet sufficiently large to have much weight in credit deflation.”

# PARK-UNION

## FOREIGN BANKING CORPORATION

56 Wall Street, New York

### BRANCHES

San Francisco  
Seattle  
Tokio  
Yokohama  
Shanghai  
Paris

### OFFICERS

**Charles A. Holder**  
*President*

**T. Fred Aspden**  
*Vice-President*

**E. B. MacKenzie**  
*Secretary & Treasurer*

*Capital (fully paid) \$4,000,000*  
*Surplus and Undivided Profits, \$754,000*

Transactions in Exchange  
Travelers' Letters of Credit  
Commercial Credits  
Foreign Collections and Cheques  
Acceptances  
Transfers of Money  
Advances against Collateral for the  
Financing of Foreign Business

### Banks Aboard Ship

THE London Joint City and Midland Bank, the largest private bank in the world, has opened branch offices on the three big Cunard liners, Aquitania, Mauretania and Imperator. The banking service which these new branches will give is expected to save time and trouble for American travelers going abroad. According to the announcement of the London Joint City and Midland Bank's agents, financial matters which formerly needed attention before sailing can now be attended to on the voyage.



### Munster & Leinster Bank, Ltd.

THE report of the directors of the Munster & Leinster Bank, Limited, Cork, Ireland, for the half-year ended June 30 shows profits, after deducting expenses, providing for interest on deposits, rebate on bills and providing for

all bad and doubtful debts, amounting to £70,992 16s 6d. To this has been added £24,234 10s 8d., making a total of £95,227 7s 2d. The directors recommended its disposal as follows:

Half-year dividend at rate of 20 per cent. per annum .....	£40,000
Less income tax at 6s to the £ .....	12,000
Transferred to investment contingency acct.	35,000
To reduction of premises account .....	5,000
Carried forward to next account .....	27,227 7s. 2d.

Announcement was made of the opening of new branches at Galway, Mullinger, Carrick-on-Suir and Inchicore (Dublin) and a sub-branch at Warrenpoint, County Down. Alfred R. MacMullen was named to the place on the board made vacant by the death of Somers Payne.

# THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed . . . \$7,500,000 (£1,500,000)

Capital Paid-up . . . . . 3,750,000 (£ 750,000)

Reserve Fund and Undivided Profits . . . 3,928,970 (£ 785,794)

**BANKERS:** Bank of England; London Joint City and Midland Bank (Limited)

*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius*

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.

Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

## British Tendency Toward Bank Amalgamations

THE Statist of London has the following to say with regard to the amalgamations of British banks, which has been apparent in recent years:

"The latter phase of the war, especially 1917 and 1918, was marked by a strong movement towards union amongst English banks, and the numerous amalgamations and working agreements of the period all aimed at consolidating the internal position in order to provide for the trying period of world reconstruction that was known to lie ahead. As the banking strength of the new units was much augmented, fresh business outlets were naturally sought, and new spheres of activity were found, at first in Ireland, and then Scotland. The further sequel to this expansionist movement is now being witnessed in the rapid growth of British banking interests abroad. This development has the effect not only of strengthening our position in the world of international finance, but it brings home to the leading foreign banks the necessity of establishing new or extending present connections in London.

"Our own banks in entering fresh fields of endeavor abroad have usually formed new subsidiary companies or come to a working agreement with existing foreign institutions. The increase in the overseas activities of our banks has been particularly noticeable on the Continent and in South America.

"In addition to new ventures, great activity is discernible in the revision of articles of association of older-established foreign subsidiaries to provide for the extension of business operations beyond the countries with which these undertakings were originally identified. Though the linking-up of the fortunes of British banks with states which are still far from politically settled, and which have yet to justify their existence economically, may be viewed with disfavor by some, it is only by enterprising methods in banking that we can re-establish our old financial supremacy on a broader and surer basis, and with it our trade ascendancy."



## British Bank Gives Scholarships

THE London County Westminster and Parr's Bank announces an interesting scheme of foreign scholarships. To ensure a better understanding of overseas banking and foreign exchange amongst its employees scholarships of £100 per annum for one or two years, in addition to salary and allowance for travelling, are offered. There will be special "study leave" while serving abroad. Candidates must be of British birth, and must have passed the Bankers' Institute examinations. They must also be proficient in French or Spanish and have knowledge of some other foreign language.



# Ernesto Tornquist & Co.

Limited

## Buenos Aires

Oldest and Largest Financial House in South America

*Established in 1830*

Fully paid up Capital, Reserves and Surplus

\$14,192,498.91 Argentine Gold

equal to \$13,694,036.00 American Gold

We Specialize in the Investment of Foreign Capital in State, Mortgage, Industrial and Public Utility Bonds and Shares

### Money on Mortgages Placed Direct

**BANKING TRANSACTIONS OF ALL KINDS**

We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

We will be Pleased to Serve You in All Business Relations with the Argentine and Contiguous Countries

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

## Europe

French finance, estimated receipts from taxation were 19,821,000,000 francs. The significance of excess returns in August is, therefore, readily apparent.

### Tax Returns Greater Than Expected

**F**RENCH tax returns for August recently received by cable by the Bankers Trust Company, New York, show that the actual tax payments for that month, so far as they have been computed, exceeded the advance estimates by 30 per cent.

This is important as the first real indication of the operation of the new French tax program. Under this program, which was not made effective for the year by the French Parliament until July 1, taxation was practically doubled as a means of hastening financial recovery.

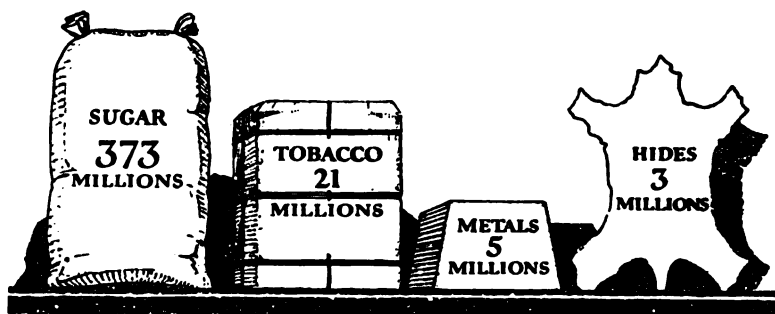
In the preparation of the budget for the current year, regarded as the most momentous budget in the history of



### Preparations Complete for Paying Loan

**F**RANCE will pay every dollar of the \$250,000,000 loan due in New York October 15. M. Francois-Marsal, the minister of finance, officially announced to the Cabinet Council recently. This sum is France's share of the \$500,000,000 Anglo-French loan floated in the United States during the war.

M. Francois-Marsal informed the ministers that the French treasury already had shipped to the United States \$150,000,000 in gold and securities. He added that the success of the \$100,000,000 loan contracted through J. P. Morgan & Co. would permit the picking up of all notes due October 15.



## Cuba sent U.S. in 1919 \$418,000,000 of her products

POPULATION and territory set no limits to Cuba's trade. With less than one-half the population of New York City, she stands fourth in importance in volume of trade with the United States.

Through Havana passes a tonnage second only to that of New York, which means that Cuba has the second largest port in the Western Hemisphere.

Cuba imports nearly everything she consumes and exports nearly everything she produces.

If the value of American goods imported last year were equally divided, every Cuban would have paid \$105.95 to American exporters at the port of entry.

The pearl of the Antilles. The gigantic sugar bowl of the world. Rich almost beyond imagination. A fertile ground for the American exporter, manufacturer and Banker to cultivate.

Our affiliate in Havana, the Banco Mercantil Americano de Cuba, affords the necessary banking facilities for business.

A booklet describing our facilities will be sent on request.

## MERCANTILE BANK OF THE AMERICAS

*An American Bank for Foreign Trade*

44 PINE STREET ~ NEW YORK

New Orleans

Paris

Madrid

Barcelona

Hamburg

BANCO MERCANTIL AMERICANO DE CUBA

Havana

Ciego de Avila

*Affiliated Banks also in*

Argentine

Brazil

Colombia

Costa Rica

Honduras

Nicaragua

Peru

Venezuela

# FRENCH AMERICAN BANKING CORPORATION

Capital and Surplus, \$2,500,000—Fully Paid Up

**I**N addition to complete facilities for international banking in all its ramifications—particularly with France and the French colonies and dependencies—we maintain a Foreign Trade Department organized on the lines of practical merchant banking. These facilities are at the disposal of manufacturers, importers, exporters and out-of-town banking institutions.

Cedar and William Sts., New York City

## U. S. Representative at Brussels Conference

**A**LTHOUGH the United States has not become a member of the League of Nations, it was nevertheless represented at the financial conference which opened at Brussels on September 24. The secretary of the treasury appointed Roland W. Boyden of Massachusetts to act as the American representative, announcing at the time of making the appointment that Mr. Boyden would serve in an unofficial capacity only and would be without power to bind the United States to any plan which the conference might adopt. Mr. Boyden previously served as a member of the Reparations Commission at Paris.

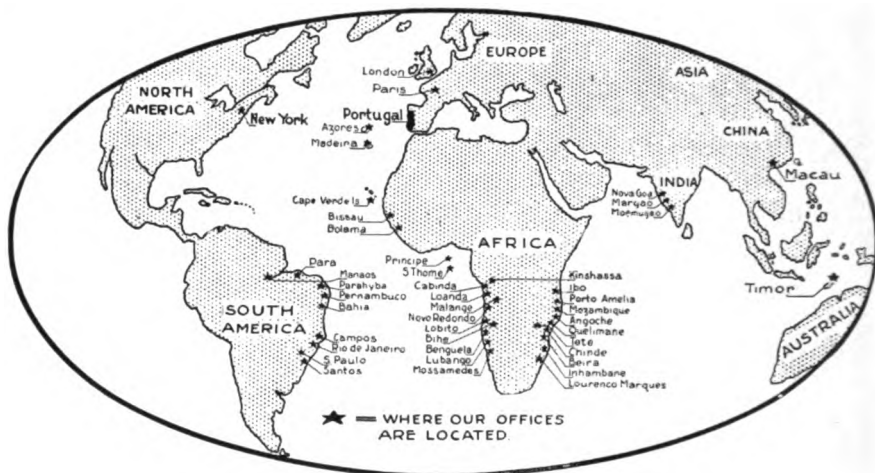
Press dispatches from Brussels would indicate that Mr. Boyden startled the delegates with his announcement that the United States could not undertake to finance further the requirements of Europe. His reference, of course, was

to financing by the United States government. Mr. Boyden was quoted as urging the victorious Allies to go more than half way in getting together economically with the defeated Central Powers.

"If America could see an advance toward economic union among the different states of Europe, if it could see gradually coming about a decrease in the hostility which reigns to a large extent among these different states, you would then find the psychology of the American business man much changed as to conditions over here," was the expression of his most commented upon.

The financial conference went to work immediately to evolve finance remedies. The chief difficulties in the way of a solution of Europe's financial difficulties appeared to be the movement toward socialization and nationalization of industry with its added burden on governments, and the badly disjointed condition of international exchange.

# Foreign Banking Since 1864



## THE STATE BANK OF THE PORTUGUESE COLONIES

**Paid-Up Capital . Esc. 24,000,000 = \$25,894,080.00**

**Reserve Funds . Esc. 24,000,000 = \$25,894,080.00**  
[At par of exchange]

**E**STABLISHED in 1864, the Banco Nacional Ultramarino has pursued a consistent policy of steady growth until now its seventy branch offices cover the important world markets, particularly the Portuguese speaking countries, and its resources exceed \$1,159,000,000, at par of exchange. We shall be glad of the opportunity to serve American merchants, manufacturers and bankers through our New York Agency.

*Inquiries will be gladly answered*

# BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty Street

Joseph McCurrach, Agent

Head Office: Lisbon, Portugal

# THE FIRST NATIONAL BANK of Boston

Transacts commercial banking  
business of every nature.

*Make it your New England correspondent*

Capital, Surplus and Profits  
**\$37,500,000**

## Dutch Banks Expand Operations

**T**HE Rotterdamsche Bankvereeniging is a Netherlands banking institution which, more than any other, has kept in view the extension of its scope of operation. The establishment of the Netherlands Bank of South America, and later on the unfortunately unsuccessful attempt to get representation in Russia by means of a daughter bank—the Holland Russia Bank—bear witness to this endeavor. In consequence of the continually increasing needs of capital in the Netherland colonies, the management of the Rotterdamsche Bankvereeniging has evidently judged it possible to create a new institution alongside the already existing Plantation Banks in India. With this in view the Bank for India was recently established with representatives on the management of the following firms besides the Rotterdamsche Bankvereeniging; the Société

Générale de Belgique, the National Bank Union (Nationale Bankvereeniging), the Banque Commerciale de Bale, the Holland America Line and the Rotterdam Lloyd. A. Meyboom, G. J. Houtsma and Dr. W. M. Westerman are to be members of the board of management at Batavia. The bank will shortly commence operations.



## German Economy Efforts

**A**S the result of the insistence of the minister of finance, Herr Wirth, the German cabinet is reported to be making a serious effort to improve the tangled financial situation. Herr Wirth is said to have threatened a cabinet crisis through resignation.

As one measure of temporary relief, the cabinet is initiating legislation to nationalize the coal mines.

The finance minister declared that

Germany's total debt, including the funded debt of 91,000,000,000 marks, amounted to 242,700,000,000 marks. He said the deficit in the current budget would be 55,700,000,000 marks. The nation is facing claims for indemnities growing out of the war and the peace treaty totaling 181,000,000 marks. The operation of the state railways had been responsible for a deficit of 16,000,000,000 marks, while the operation of posts and telegraphs was 2,000,000,000 marks short of the expected returns. The national debt had been increased by 47,500,000,000 marks during the current year.

It was decided that the 1920 ordinary estimates were to contain, as a matter of principle, no new expenditure, and a systematic limitation of existing expenditures is to be introduced. Not only are no new official posts to be created, but there is to be a progressive reduction in offices already existing.



### Czech Urges U. S. Investment

**T**HIS is an opportune time for the participation of American capital in the reconstruction of Czechoslovakia, according to Paul Berka, representative of the Bohemian Central Bank of Prague. Most of the foreign capital which has gone into his country, Mr. Berka said, has been British and French, with only a very small amount of American capital represented. Also, he said, few American financiers have visited Czechoslovakia, the proportion being about one American to twenty British and French bankers.

Mr. Berka is in this country attempting to arrange for the floating of bond issues of the city of Prague, which issue will approximate 100,000,000 crowns; bonds of the city of Pilson and bonds of the city of Bratislava. Mr. Berka is very optimistic about the future of the country, for he said:

"We have passed through the white heat of the political fires. Public opinion is crystallizing and indicates that we shall enjoy a long period of political

quietude and harmonious co-operation in the upbuilding of the state. However, we are very much deterred in our industry through disorders in adjacent countries, upon which we are dependent for a market for most of our industrial products. The formation of the little entente was a great forward step, which will assure a limited market for our products."

## Scandinavia

### Scandinavian Countries Approaching Normal

**O**N a recent trip to the Scandinavian countries, James Heckscher, vice-president of the Irving National Bank, New York, visited Bergen and Christiania in Norway; Stockholm, Gothenburg, Malmoe and Helsingborg in Sweden, and Copenhagen in Denmark. In all these countries, he said, progress toward the restoration of normal conditions could be observed, and in several of them long steps already have been made. Nevertheless, there is apparent in business and financial circles a feeling that many obstacles still will have to be overcome and many problems solved before the situation assumes stability. In the meantime severe trials will have to be undergone.

"One good sign," he said, "is that the people are beginning to look longer at their money before spending it. Bankers think the period of reckless personal expenditures is about at its end. As a consequence, a general drop in prices is looked for. Prices are still high, however."



### Swedish Riksbank

**T**HE Swedish Riksbank recently raised its discount rate one-half of 1 per cent to 7½ per cent. The rate since March 18 had been 7 per cent,

# National Bank of Commerce in New York

ESTABLISHED 1839

## STATEMENT OF CONDITION

SEPTEMBER 8, 1920

Resources		Liabilities	
Loans and Discounts.....	\$310,748,229.90	Capital Paid up.....	\$25,000,000.00
U. S. Certificates of Indebted- ness.....	187,500.00	Surplus.....	25,000,000.00
Other Bonds and Securities.....	15,981,056.14	Undivided Profits.....	7,695,966.10
U. S. Bonds Borrowed.....	6,000,000.00	Deposits.....	324,861,019.29
Stock of Federal Reserve Bank	1,500,000.00	U. S. Bonds Borrowed.....	6,000,000.00
Banking House.....	4,000,000.00	Rediscounts with Federal Reserve Bank.....	35,904,625.00
Cash, Exchanges and due from Federal Reserve Bank.....	93,250,288.55	Reserved for Taxes, etc....	3,965,168.38
Due from Banks and Bankers...	5,636,769.79	Unearned Discount.....	2,997,178.37
Interest Accrued.....	399,689.90	Letters of Credit and Ac- ceptances.....	62,069,823.95
Customers' Liability under Letters of Credit and Accep- tances.....	59,483,025.38	Other Liabilities.....	3,692,778.57
	<b>\$497,186,559.66</b>		<b>\$497,186,559.66</b>



which has been the prevailing rate since early in the year in Norway and Denmark. The suggestion has been made to raise the discount rates in the two latter countries also, although so far it has not been acted upon.

The present standing of Swedish exchange and the apparently privileged position of Sweden in comparison with other European countries are attributed generally to the sound policy of the finance department, and satisfactory action on the part of the government in doing away with restrictions necessitated by war, but which interfered with the freedom of industry and trade. The finance department, it is believed, has succeeded in checking inflation, and has maintained a discount rate in keeping with the real situation in the money market. It has also introduced a system of "capital rationing."

A board of five members, of which two are leading bankers, one a representative of the Swedish Industrial Union and one from the Sveriges All-

manna Exportforening, with the managing director of the Riksbank as chairman, decides questions of increases of capital, new companies, floating of new bond loans, etc., and generally the establishment of all important new credits. The action of the board at first met with considerable criticism, but the advantages of this system during the period of transition have become obvious and it is the government's intention to maintain this organization for some time.

Meanwhile all government restrictions on export and import are being gradually removed. A new tax on articles of luxury has been considered and abandoned for the present inasmuch as the total import of these articles into Sweden does not exceed 1 per cent of all general imports. Leading bankers believe that if Sweden is fortunate in manufacturing and exporting an increasing amount of products which have a good market broad, such as wood pulp, paper, iron ore, and steel, the country's pros-



# The State Bank

## New York

Member of the New York Clearing House Association

374-378 Grand Street  
New York

Condensed Statement as of the close of  
business September 30th, 1920

### RESOURCES

Loans and Discounts . . .	\$53,997,805.44
U. S. and Municipal Securities . . . . .	7,486,597.53
Other Bonds . . . . .	8,044,223.18
Real Estate (other than Banking Houses) . . . . .	None
Banking Houses . . . . .	725,961.00
Cash and Exchanges . . . . .	10,929,549.64
Customers' Liability, Account of Acceptances . . . . .	963,134.84
	<hr/>
	\$82,147,271.63

### Officers

#### President

H. C. RICHARD

#### Vice-Presidents

A. I. VOORHIS  
W. L. BURCKETT  
W. B. ROTH  
C. A. SMITH  
H. W. VOGEL

#### Vice-President and Cashier

J. KNEISEL

#### Assistant Cashiers

F. A. PAPPI  
C. C. SCHNECKO  
P. MULLER  
C. E. JAMES  
E. W. RASP  
P. L. TUCHMAN  
A. J. VAN PELT

#### Auditor

C. WOODWORTH

#### Manager

Foreign Department  
M. M. TEICHER

### LIABILITIES

Capital Stock . . . . .	\$2,500,000.00
Surplus and Undivided Profits . . . . .	2,331,662.20
Due Depositors . . . . .	76,352,474.59
Bills Payable and Rediscounts . . . . .	None
Acceptances, Letters of Credit, etc. . . . .	963,134.84
	<hr/>
	\$82,147,271.63



# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital . . . . .	(\$5=£) <u>\$12,500,000</u>
Paid-up Capital . . . . .	3,750,000
Reserve Capital . . . . .	<u>3,750,000</u>
Subscribed Capital . . . . .	7,500,000
Reserves . . . . .	<u>2,825,000</u>
Surplus over Liabilities . . . . .	<u>10,325,000</u>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

pects for the future will continue to be favorable.



## International Clearing House Established

**I**N international clearing house for trade will be established at Copenhagen, according to an agreement recently signed by representatives of the Russian Soviet Government and various international industrial and commercial organizations. The establishment of branches in most of the countries of the world is contemplated, it is said, and that in the United States will be among the first to begin operations.



## Norwegian Bond Issue in U. S.

**A** \$20,000,000 bond issue of the Kingdom of Norway recently was successfully floated in the United States. The bonds are twenty-year 8 per cent.

sinking fund external gold bonds and the proceeds are to be used partly to liquidate the country's debt to England incurred in the last two years for the construction of ships and partly for miscellaneous purposes.

As a sinking fund Norway has agreed to set aside annually \$1,000,000 in equal quarterly installments commencing January 1 next.

## Cuba

### Economic Conditions in Cuba

By J. N. O'CONNOR,  
Manager, Foreign Department, Banco  
Nacional de Comercio

**C**UBA is at present suffering from the consequences of an undigested overdose of prosperity. The continuous upward movement in the price of sugar

## ***Our Service to Banks and Bankers***

**COLLECTIONS:** A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

**LETTERS OF CREDIT:** Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

**TRAVELERS AND REPRESENTATIVES:** When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

**CREDIT INFORMATION:** Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

*We Cordially Invite Your Correspondence*



**Foreign Department**

**Head Office, Havana, Cuba**

# NATIONAL BANK OF CUBA

(BANCO NACIONAL DE CUBA)

## HEAD OFFICE, HAVANA

W. A. MERCHANT, President  
JOSE LOPEZ RODRIGUEZ—M. ESCOBAR—V. VIDAL—Vice-Presidents  
C. M. SOTOLONGO, Cashier

Capital, Reserve and Undivided Profits - \$15,447,220.18  
Assets in Cuba - - - - \$238,809,410.20

*125 Branches and Agencies on the Island*

*2 " in Spain (Madrid-Barcelona)*

Member American Bankers Association

**Sole Depository and Fiscal Agent of the Government of Cuba**

Offers to Bankers and Merchants throughout the world,  
unsurpassed service for facilitating trade with the  
rapidly growing markets of Cuba.

ASSOCIATE BANK IN NEW YORK

**BANK OF CUBA IN NEW YORK**

**34 WALL STREET**

until it reached its climax some three months ago, awoke expectations of still more fabulous profits to be realized from the country's first industry; and when the prices began to decline there was an indignant clamor against what was claimed to be a speculative pressure on the part of American sugar interests to force the market down, in order to secure the existing sugar in Cuba at a figure which it was predicted locally would mean the ruin of Cuban planters and mill owners.

Meetings of the Cuban sugar interests were convened and resolutions passed nominating a sales committee and forming a pool with an agreement to hold back existing stocks from the market. The experience up to the present has only been productive of heavy losses to a number of holders of sugar, and a stringency of credit facilities, on account of the pressure brought to bear on the local banks to carry over sugar loans. The local sugar interests are now urging legislation authorizing the establishment of a Bank of Issue; the

granting of a loan from the treasury of \$10,000,000 to assist in financing next year's crop; and are making patriotic appeals for concerted action and government assistance "in these solemn moments of the economic life of the country." Of course, obsequies are usually solemn affairs, but a great deal of the solemnity would have been obviated by a judicious selling of the sugar on hand, even on a falling market from 23 cents down. At the end of June the stock of sugar in Cuba was some 460,000 tons, which, at the market price of 23 cents per pound, represented about \$237,000,000. Today the stock is about 335,000 tons, representing a market value of less than \$75,000,000.

Another problem resulting to a great extent from a plethora of prosperity is the unprecedented congestion of merchandise and shipping in the port of Havana. The increased purchasing power of the republic, due to high sugar prices and overbuying on the part of many merchants, occasioned large imports without provision having been

# A Foreign Exchange Department for Your Bank



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Marseilles

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### BELGIUM

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Brussels  
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### HOLLAND

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### SCANDINAVIA

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Christiania  
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### SWITZERLAND

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### GERMANY

Berlin  
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Hamburg  
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### SOUTH AMERICA

Buenos Aires  
Montevideo  
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Hong Kong  
Shanghai  
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The sale of foreign exchange to customers who for any reason have remittances to make abroad is one of the most profitable activities of the typical metropolitan bank. There is no reason why your bank cannot share in this lucrative business, at the same time earning your clients' gratitude by rounding out your services to them.

The American Express Company has for a number of years executed a larger number of foreign remittances than any other financial institution in the United States. Its paper is known throughout the world and recognized as the standard form for transmitting money.

We shall be glad to discuss with you the placing in your bank of complete equipment for meeting your clients' foreign exchange needs. With this service you can sell them cheques, imprinted with your own name, drawn on any of our many foreign offices and thousands of banking correspondents; or through you your clients can send foreign money orders or cable transfers or purchase future exchange of any usual tenor. None of this involves the keeping of deposits with us or the tying up of any of your working capital. Your share of the transaction is pure profit.

Providing the service of a foreign exchange department is only one of our many facilities for banks. A letter to the address below will bring the complete story.

*Address the Manager of Office nearest your city.*

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23 W. Monroe St.,  
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Market St. at Second,  
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231 St. James St.,  
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INTERNATIONAL BANKING, SHIPPING, TRAVEL AND FOREIGN TRADE

# London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E. C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

	(\$5=£1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	10,200,000
RESERVE FUND - - - - -	10,500,000

## DIRECTORS.

E. ROSS DUFFIELD, Esq.  
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KENNETH MATHIESON, Esq.

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BANKERS: BANK OF ENGLAND;

LLLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARB'S BANK, LTD.

## BRANCHES IN SOUTH AMERICA:

**BRAZIL:**—Para, Maceio, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. **URUGUAY:**—Montevideo, Montevideo. Sub-Agency, Paysandu and Salto.

**ARGENTINA:**—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago. **UNITED STATES OF COLOMBIA:**—Bogota.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.

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made for an increase in the warehouse facilities for handling same. These conditions have been further aggravated by strikes and by a shortage of rolling stock to carry merchandise through the port of Havana to its ultimate destination by rail in the interior of the island. This very serious problem has been studied from various points of view by the local chambers of commerce, the Association of Importers, the Rotary Club, and by a mixed commission of Americans and Cubans, but notwithstanding the numerous and varied reports and suggestions that have been prepared, submitted and published, nothing practical has been done to alleviate the congestion, and the Cuban Government authorities are being severely censured for their apathetic attitude in the matter. As a protest against the lack of some practical steps being taken by the authorities, the local importers of Havana did not open their stores all day on Friday, September 24.

The extraordinary delay in the re-

ceipt of merchandise ordered from abroad is causing severe loss and prejudice, not only to Cuban importers, but likewise to American and European importers, which latter have made their financial arrangements for the acceptance and payment of their drafts against merchandise, only to find that acceptance (and of course payment) is indefinitely delayed, owing to the impossibility of the drawees getting possession of the goods.

But the two great difficulties with which Cuba has to contend at present, the sugar problem and the congestion of the port, are only accidental excrescences which momentarily obstruct the even tenor of the economic life of the country, but do not in any way affect the sound underlying conditions. Practical lessons and the consequence of a lack of foresight are for the time being painful and unpleasant, but whether applied to an individual or a nation so full of vigor and vitality as the Island of Cuba, are certain to have a most

wholesome effect and to conduce to an improvement of methods, and to the avoidance of the causes which culminate in an artificial situation, to the detriment of the interests not only of one class in particular, but of the general well-being of the community.

The tobacco crop this year is reported generally to be of excellent quality, although the quantity is under the average. The leaf commands good prices, and the total value of the crop is estimated at about \$65,000,000.

The duties collected by the Havana Custom House for the fiscal year ended June 30 last were \$53,802,706, or about four times the amount collected a few years ago. These figures explain, although they do not mitigate, the congestion in the port.

Weather conditions during the summer, and especially of late, have been favorable to the growth and development of the cane fields, and there is a prospect of a bounteous supply of the raw material for next season's grinding, subject, of course, to unforeseen circumstances.

Money rates rule high, commercial paper at 60 and 90 being quoted at from 10 to 12 per cent. Exchange on New York is quoted at a premium of about one-fourth of 1 per cent, for check and half of one per cent for cable transfers.

## Latin America

### New Trade Guide to S. A.

“**C**OMMERCIAL Travelers' Guide to Latin America” is the title of the latest exporters' aid published by the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

The need for a guide for commercial travelers to Latin America has long been felt. The book was prepared by Ernst B. Filsinger, well known as a writer and an authority on Latin

America subjects. Mr. Filsinger is the author of “Exporting to Latin America,” a volume of more than 500 pages, and other publications. He is an experienced export manager and has traveled extensively in the Latin American countries.

For the convenience of the reader the book has been divided into two sections. The first part deals with general matters, such as salesmen's equipment, transportation, suggestions for procedure upon arrival at destination, etc. Those who have not heretofore traveled in Latin America will find suggestions regarding many items which, despite their importance, are often overlooked. The first section should be of particular value to the beginner, attention being directed to various details such as documents needed, cables, wardrobe, health precautions, etc. Of great importance also are the details of transportation, including tickets, baggage, clearing of samples, overland routes and other associated subjects.



### Germans Active in Argentina

**S**URPRISING quantities of German goods are making their appearance in the Argentine Republic, according to reports from Buenos Aires correspondence of the Webster and Atlas National Bank of Boston. Several vessels have recently arrived directly from Germany, loaded with cargoes of the greatest variety, from bulk chemicals and tool steels to manufactured articles. In general, the quality is reported to be as good as before the war.

The appearance of German goods in such quantities in the Argentine, in connection with the marked shortage which American buyers have recently found in Germany, may indicate a well-planned attempt to hold former markets by giving them as much preference as possible in supplying goods. In the same connection it is significant that the League of German-Brazilian Firms, an organization corresponding to a chamber of commerce, with offices in Rio de



# THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render exceptional service  
in exceptional times

RESOURCES OVER \$44,000,000

JOHN A. LYNCH. . . . .	President	LOUIS J. MEAHL. . . . .	Asst. Cashier
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ROBT. M. MCKINNEY, 2nd Vice-Pres.		CHAS. S. MACFERRAN. . . . .	Asst. Cashier
WATKIN W. KNEATH. . . . .	3rd Vice-Pres.	WALTER L. JOHNSON. . . . .	Asst. Cashier
OSCAR H. SWAN. . . . .	Cashier	THOS. H. O'CONNOR. . . . .	Asst. Cashier
THOMAS D. ALLIN. . . . .	Asst. Cashier	HAROLD M. MICHAELSON. . . . .	Asst. Cashier

BOND DEPARTMENT in charge of . . . . . Watkin W. Kneath, 3rd Vice-Pres.  
FOREIGN EXCHANGE DEPARTMENT in charge of . . . . . A. O. Wilcox, Manager  
DEPARTMENT OF ANALYSIS AND STATISTICS in charge of . . . . . J. B. Baley, Manager

Janeiro, has recently resumed activities after suspension during the war.



## To Release \$20,000,000 Argentine Gold

**SENOR SALABERRY**, Foreign Minister of Argentina, announced recently that he would soon release \$23,000,000 which is held in the United States to the credit of the account of the Argentine Embassy in Washington. This was the balance remaining to the credit of the embassy when the government last month suspended the operation of releasing Argentine gold deposits against deposits of equal amounts here by bankers.

Orders for the suspension of these releases were issued, the Foreign Minister said, because exaggerated profits were being made through arbitrage operations in connection with these

transactions and in the absence of transportation charges which the banks would have been obliged to pay if the gold had been actually exported. He added that, with the release of the remaining deposits, transactions based on them would be intrusted exclusively to the Banco de la Nacion under regulations which would eliminate arbitrage operations and insure bona fide transactions based upon actual purchases of commodities in the United States.

The decree releasing the gold is expected on Saturday, and it is presumed it will have the effect of reducing the heavy discount on the Argentine peso in the United States, which has already caused advances in prices on many United States products in Argentina and has restricted business by North American merchants.

The operations of branches of foreign banks in Argentina will be investigated by a special committee which the Chamber of Deputies recently resolved to appoint after a discussion of the ex-

change operations of these banks.

The deputy who introduced the resolution asserted in the course of the debate that foreign banks controlled 902,000,000 pesos of Argentine savings and liquid capital, or one-third of the total. He declared that these banks had brought no capital to the country, but had come to operate with Argentine capital. The committee will consider putting exchange operations under control of the Banco de la Nacion.



### Gold Shipped to Peru

**T**HE largest individual shipment of gold to South America since the big movement to the Argentine came to an end two months ago, was made the latter part of August from New York. It consisted of \$3,155,000 of gold bars consigned to Callao, Peru. It is understood the metal be used in the reserve being accumulated in process of readjusting the country's currency system.

The shippers were the National City Bank, the Bank of New York, the Equitable Trust Company, the Banca Commerciale Italia and the Cerro de Pasco Copper Corporation. The copper company's mines are in Peru. The fact that gold bars were withdrawn from the Assay Office instead of coin from the Sub-Treasury aroused some interest in the financial district, as South American shipments are mostly in coin. An explanation was that for the purpose in mind of the purchaser, bars would answer as well as coin and could be bought at a slightly lower cost.

### Far East

#### The Greatest Market of the Future

**T**HE Far East bids fair for the long future to be the greatest foreign outlet in the world for American manufacture and enterprise, if properly de-

veloped, Thomas W. Lamont of J. P. Morgan & Co. declared recently at a luncheon of the American Manufacturers Export Association.

Mr. Lamont sees in the Far East, and in China particularly, a tremendous market for American products.

"We must not be misled by press reports of disorder and factional fighting in China," said Mr. Lamont. "It is true that there is lack of organization; that the Central Government is not strong, but it is less than ten years since China shook herself free from the thrall of an ancient and absolute monarchy. She cannot be expected to settle down into the grounded ways of a modern republic without occasional setbacks. The point to remember is that she is making steady progress.

"Siberia! You all know of John F. Stevens, the eminent American railway engineer. I met him at Mukden in Manchuria on my way out of China. What he said to me was this: 'Mr. Lamont, I have come down from Harbin, a journey of 700 miles here and return, just to spend an hour with you and give you a message to the business men of the United States. That message is that they must never rest content until in Siberia the door of opportunity is surely kept open, so as to give free and equal trade opportunity to America and to all the other nations.' Siberia is one of the great granaries of the world. It has for export large quantities of wheat; hundreds of carloads of hides were waiting means for export, Stevens said. The forests are of immense variety and value.

"And, too, the people of Siberia are described as a hardy, upstanding race of innate sobriety and integrity. The Russian Soviets have, to be sure, gained a foothold there, but the simon-pure brand of Bolshevism has never flourished in Siberia.

"As for the charge that Japanese men of business are sharp and untrustworthy, 'forget it!' It is not so. The Japanese business men are not as frank as we are. They want to be, but don't know how. For generations they have been taught reserve. But I want no



# The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.



BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.

Capital fully paid-up . . . . .	(pesos) 6,750,000.00
Reserve Funds . . . . .	4,550,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

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Paris: Comptoir Nat'l d'Escompte  
Australia: Bank of New South Wales  
Shanghai: Bank of Canton, Ltd.  
Chicago: Continental & Commercial Nat'l Bank  
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

honest person to deal with than the Japanese business man. As far as he alone is concerned, you can well afford to trust him and to enter into important relations with him.

"But Japan is commercially today under a handicap which I should hardly attempt to analyze if it had not been done for me by the Japanese themselves. This handicap is the policy of the so-called military party which, of recent years, has been so strong as almost to constitute an actual super-government.

"At the present time the apparent policy of Japan's military party will prevent American cooperation on a grand scale. We shall continue to buy Japan's silks and trade with her along ordinary lines, but we shall hardly be encouraged to accept her invitation to cooperate actively in the development of her enterprises until we feel more assured that her military party is not going to bring her into additional financial distress. Japan just now cannot afford an ambitious overseas policy of

expansion. Her business men realize this and they are urging the military party to be guided by more conservative counsels. As soon as we see a constructive change in the foreign policies that I have described, then indeed we can well afford to invest largely in Japanese development."

## Near East

### Greek Budget Figures

THE Greek government's budget statement for 1920-21 estimates total receipts at 1,033,579,740 drs., of which 306,558,000 are from taxation, 88,452,000 from monopolies and stamps, 10,000,000 (extraordinary) from a tax on war profits and 472,500,000 from loans. The total estimated expenditure is 1,298,759,754 drs., of

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Christiania, Norway

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which 532,115,487 drs., is war expenditure, including allowances to dependents and refugees, administration of Asia Minor and reconstruction of the agriculture and communications of Eastern Macedonia. These items, with the "extraordinary" war expenditure, considerably exceed the amount borrowed. Civil administration and the service of the debt account for 766,644,267 drs., but of this 157,390,822 drs. is devoted either to paying off debt or to special loans to the Hellenic Railway Company and to peasants taking up expropriated land. The public debt stands at 3,282,986,597 drs., a net increase of 315,109,178 drs. for the year.



## Conditions in Rumania

**E**XISTING taxation in Rumania is to be increased in the next budget with a view to bringing revenue and expenditure into closer relation. The public debt at December 31 last amounted to 9,000 million lei, and the monthly deficit is now about 200 millions. The future exportable surplus of Greater Rumania is estimated at 5,000,000 tons of cereals, 500,000 standards of timber and 1,000,000 tons of petroleum products.

According to a report to the department of Trade and Commerce of Canada by L. D. Wilgress, its trade commissioner at Bucharest, the following plan has been adopted by the Rumanian government:

"As a first step toward re-establishing the economic position of the country and in order to secure the necessary funds abroad wherewith to purchase locomotives, rolling stock and other essential equipment, a measure has been passed whereby the government is to have the use of funds resulting from the sale abroad of the exportable products of the country.

"According to the new decree all export from Rumania is to be under the control of the government. Private parties will only be allowed to export goods under special permission of the Ministry of Industry and Commerce. The government will itself export products either directly or through authorized syndicates especially formed for the purpose and under the control of the Ministry of Industry and Commerce. The government will purchase goods for export at the internal prices ruling in the country. The profits resulting from the sale abroad of these export products will be used either to barter for imported supplies or for purchasing the necessary supplies and equipment for public undertakings.

Private parties will only be granted export permits under special conditions and taxes will be levied on the profits resulting from the sale abroad of the products shipped. A price commission has been constituted, which will establish monthly the prices ruling in the country for exportable products. The prices ruling on the principal importing markets during the preceding fifteen days are then taken as a basis for ar-

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iving at the prices obtainable from the sale abroad of the products to be exported. These prices, estimated first in French francs and then calculated into lei at the rate of exchange of the day, are established at the beginning of every month.



## Red Cross for U. S. Bank at Constantinople

**A**CCORDING to the American Red Cross, American trade with Turkey has gained impetus in the last few months, but there is an imperative need of an American bank in Constantinople to care for our financial and industrial interests. Exporters of every other important country have their own banks in that city to attend to their affairs and aid in their evergrowing business. Shiploads of goods sent on consignment may be sold immediately under these conditions, for the agents accompanying the cargoes have bankers behind them to hold the payment money and advance funds for the expenses. Complications of using foreign banks retard the increase in business of the American investor. In the transmission of funds and shipment of relief supplies for the refugee station near Constantinople, the American Red Cross found itself hampered by the necessity of working through these banks, which, though they provide service with English-speaking agents, naturally vary in method from American

houses, as well as complicating exchange problems.

## Australia

### Business Conditions Good

**R**ESTRICTION of credit, which has affected trade all over the world, has found Australia in a peculiarly strong position to meet the rapidly changing conditions, according to Hyman Weitzer, international fur merchant, who has recently returned from the Orient and Oceania, where he spent a year.

"Australia has enjoyed a period of great prosperity because she had those products which were most needed during the war period," he said. "Fortunately for the country, there was little speculation, trade being conducted on a sound basis. During the war the world needed wheat, wool, hides and furs, which Australia had in plenty. The men engaged in business of course took advantage of the rising market but they did not carry their operations to extremes, with the result that they are now in a comfortable position."

When he left Australia a month ago, Mr. Weitzer said, credit restrictions were being felt in various lines and he seemed to think these restrictions will assume greater proportions in the future. A curtailment of activity is ex-

pected, he said, but not sufficient to change fundamental conditions.

the solution of their financial problems as they did in wartime.

## South Africa

### Gold Production Increase

**T**RANSSVAAL gold-mining operations continue to show improving results, the total output for July, 1920, as reported by cable, having been the heaviest for any monthly period since August, 1918, and only a little under the aggregate then announced. In fact, only twice since October, 1917, has the July yield been exceeded, but comparison with almost all months prior to that time back to and including March, 1915, discloses more or less conspicuous declines. The July production is stated as 736,099 fine ounces, this contrasting with 25,497 fine ounces last year, 736,199 fine ounces two years ago, and 757,890 fine ounces in 1917. The seven months' yield, however, is the smallest for the period since 1914, standing at 4,831,945 fine ounces, against 4,872,981 fine ounces a year ago, 4,992,533 fine ounces in 1918, and the high record of 5,392,954 fine ounces, established in 1916.

### International Banking Notes

Reginald H. Giles, vice-president and treasurer of the Bankers Trust Company, who has returned to New York after a seven months' visit abroad, said that the opening of the branch office of the company in the old Bristol Hotel in Paris had been delayed six weeks following the May 1 strikes there, for the reason that not one workman could be obtained to carry on the program for remodeling the building. The present Paris office of the company is at 9 Rue St. Florentin, while another temporary office is being prepared at 16 Place Vendôme to handle the travelers' credit department of the business. Mr. Giles said he left France with a thorough realization that the French are co-operating as vigorously in

It has been announced that the English Scottish and Australian Bank proposes to absorb the London Bank of Australia. The proposed amalgamation is to take place by an exchange of shares plus a cash payment. The English Scottish and Australian Bank has 187 actual working branches, while the London Bank of Australia has 105 branches situated throughout Australia. Directors of the banks say that the expansion of trade, together with the high prices for raw materials, is causing increasing demands on the banks. Fusion, they say, will make possible the provision of wider financial facilities. It is also reported that the Standard Bank of South Africa is negotiating for the control of the African Banking Corporation.

According to a cable just received by the Mercantile Bank of the Americas from Buenos Aires its new affiliate in the Argentine, the Banco Mercantil y Agrícola de Buenos Aires, opened on September 1.

A policy of keeping actively in touch with its foreign correspondent banks is being followed by the Irving National Bank of New York. James Heckscher, vice-president in the foreign division of the bank, has just returned from a two months' business trip abroad, during which he visited banking centers in England, France and Scandinavia. William N. Enstrom, vice-president, has left New York for the Far East to be gone until February. He sailed from Vancouver September 23 and will visit Japan, China and the Philippines. G. N. Jacobs, manager of the foreign division, is now in England. John H. Needham, the bank's London representative, who has been on a vacation in St. Paul, Minn., is soon to return to England, and C. W. Fowler, representative in Porto Rico, is in New York on a business trip in the interests of the bank.

R. E. Saunders, New York agent of the National Bank of South Africa, has received cable advice from the bank's head office that a branch has been opened at Molteno, Cape Province.

William G. Avery, who has just returned from China, where he has been the general manager for the Asia Banking Corporation,

has been appointed an assistant manager of the foreign department of the Guaranty Trust Company of New York.

The following appointments have been announced by the Guaranty Trust Company of New York: Lucien Combe, assistant manager, Paris office; J. B. Avegno, manager, Havre office; Achille Leroux, assistant manager, Havre office; John A. Terrace, manager, London office; Auguste Soniat, assistant manager, Brussels office.

The Foreign Credit Corporation, which is engaged in furthering the use of bankers' acceptances among importers and exporters in the United States, has just issued its first financial statement, dated June 30. The corporation began business in September, 1919, so the detailed figures cover only about nine months' business. Total resources are \$33,897,003.49; outstanding letters of credit and acceptances, \$9,456,691.47; advances received from War Finance Corporation, \$6,238,498.02; and undivided profits earned, \$449,338.34.

Theodore Rousseau, secretary of the Italy-America Society, was notified recently by Signor Sforza, the Italian Minister of Foreign Affairs, that King Emmanuel had named Mr. Rousseau a Cavalier of the Order of the Crown of Italy. Mr. Rousseau, who was formerly secretary to the late Mayor John Purroy Mitchel, is now with the Guaranty Trust Company of New York.

Rudolph Goepel has been appointed an assistant manager of the foreign department of the Guaranty Trust Company of New York.

The foreign trade of the United States in the calendar year 1920 will approximate \$14,000,000,000, against \$11,000,000,000 in 1919, \$9,000,000,000 in 1918 and 1917, slightly less than \$8,000,000,000 in 1916, a

little more than \$5,000,000,000 in 1915, and \$4,277,000,000 in 1913, the calendar year immediately preceding the war, these figures being in very round terms. The chief changes in the character of our commerce during and since the war period have been on the import side our increasing dependence upon the tropics for food and manufacturing material, and on the export side a tremendous increase in exports of manufactures, but a marked fall in foodstuffs exported.

The executive committee of the board of directors of the Guaranty Trust Company of New York has appointed Richard P. Staigg assistant manager of the London office and John A. Griswold assistant manager of the Paris office.

Charles E. Berthoud has resigned as manager of the foreign department of the Chase National Bank, New York. Herman Krech, formerly assistant manager, has been appointed manager to fill the vacancy.

R. E. Saunders, New York agent of the National Bank of South Africa, Ltd., has received a cable from the head office that a branch has been opened at Malmesbury, Cape Province.

The New York agency of the Anglo-South American Bank, Ltd., has received a cable from the head office, London, announcing a dividend, less tax, of 9s. on 722,904 old shares and 7s. 2½d. on 150,000 new shares, making fifteen per cent. for the year. Placed to reserve £136,000 making the total £3,850,000 including premium on new shares, £25,000 placed to pension fund. Bonus to staff ten per cent. already distributed. £58,600 for expenses regarding acquisition of British Bank shares. £50,000 added to investments reserve fund. £393,116 carried forward. Total net profit, including £241,619 brought forward, is £1,265,775. The annual meeting of the shareholders of this bank will be held in London on October 20.



# Ninth Annual Convention of the Investment Bankers Association

**B**OSTON had the honor of entertaining the investment bankers of the country at the ninth annual convention of the Investment Bankers Association of America, which was held at the Copley Plaza Hotel, October 4, 5 and 6. There was a good attendance, and many interesting discussions, reports and addresses marked the various sessions. Matters relating to industrial securities, public utilities, foreign securities and railways were fully considered, the latter topic assuming unusual interest because of the present situation of the country's transportation interests.

In the address of welcome, delivered by Governor Charles A. Morss of the Federal Reserve Bank of Boston, reference was made to the desirability of interesting the numerous potential small investors in the buying of good securities, and at the banquet on the concluding evening of the convention, Hon. Andrew Peters, Mayor of Boston, called the attention of the Investment Bankers Association to the great opportunity for doing educational work in this direction.

Although, as Mayor Peters declared, "Today the whole world is hungry for capital," this fact failed to spur the Investment Bankers Association to take any action in relation to this most vital matter. There was, it is true, a report of the educational committee, but the activity of the committee was confined to these subjects, "the preparation and publication of four new pieces of work, namely, a statement of 'The Legal Aspects of the Transfer of Securities,' a statement of 'The Work of the Cashier's Cage,' an outline of 'Industrial Securities,' and an outline of "Railroad Securities."

This report indicates what the general character of the proceedings confirmed, that the Investment Bankers Association of America is wholly lacking in a realization of the great opportunity

and responsibility mentioned in the addresses of Governor Morss and Mayor Peters—the education of the American people in the elementary principles of sound investing. This constitutes what is today perhaps the greatest opportunity of doing constructive work offered in this country. A plan for such a campaign of education, carefully planned and carried out, should have results of immeasurable value. Could we build up in the United States, through a process of widespread education supplemented by the experience of the individual, a large body of trained investors, as seems might easily be done, we should then have an absorbing power for sound securities hardly within the bounds of computation. More important still, the personal and general wealth of the country would be advanced and conserved, the immense annual loss from "get-rich-quick" schemes greatly reduced, home enterprises and foreign trade would be supplied with a more dependable reservoir of capital, and the workman would be trained to put a fair portion of his earnings back into productive enterprises, thus increasing production, and in time creating for himself a position of financial independence which no bonus or gift of stock can ever confer.

And yet this almost matchless opportunity for public service—an opportunity which would seem irresistibly to beckon to the Investment Bankers Association of America—was completely ignored at the Boston convention.

But it is not yet wholly lost. Mr. Osgood, the new president, is well informed as to the importance of this matter, and he can immediately, through the proper committees, and by a judicious guidance of the activities of the various groups, at once begin appropriate action to correct the omission of duty by the Boston convention.

It is manifestly impossible to give in this issue of **THE BANKERS MAGAZINE**

more than an outline of the convention's proceedings.

SUMMARY OF THE CONVENTION

President George W. Hodges opened the proceedings, and after the reading of the call for the convention by Secretary Fenton, Governor Morss of the Federal Reserve Bank of Boston was introduced to make the address of welcome.

After assuring the visitors of a cordial welcome to Boston, Governor Morss said:

This country will never forget the work that was done by the investment bankers during the time of the Liberty Loans. The United States Government found itself confronted with the necessity of raising an unknown amount of money in a very limited time. There was no experience to guide us as to how that money was to be raised, nor how much of it could be raised. In that emergency the Treasury Department called to its aid many citizens of this country, but depended primarily for advice and guidance on the experience and the ability of the investment bankers. How the investment bankers rose to that occasion everybody knows, and the success with which they guided those movements is well known. Over twenty billions of dollars were raised in less than two years.

There was one outcome that I hope to see from the experience in those lines and which has not yet been made manifest. The Government in its loans offered bonds of denominations of \$1,000 and larger; it also offered bonds of denominations of \$50 and \$100, in order to appeal to the small investors. The result of that appeal was perfectly amazing, and I forget—but a very large proportion of the bonds were sold to investors in small amounts. My hope was that when the war was over that the result of that experience would be that investment bankers would offer their bonds which they had to sell in small amounts to the small investors. I am rather disappointed that has not been done; I do not remember seeing a single instance of it, and yet these experiences show that there are a great many possible investors and a great deal of money can be raised in that way.

Governor Morss then referred to the fact that the Federal Reserve Bank of Boston had outstanding some \$300,000,000 of circulating notes—about \$100,000,000 in excess of the loans, and raised the question why more of the latter sum did not come back to the banks. On this point he said:

The bulk of that money must be in the pockets of the people who do not know where to invest it, how to invest it, or even what bank to put it in. It is a very large amount. Every account you see by people who have observed these working people is that they have large sums of money in their pockets, and even hidden away in their homes in other hiding places. Now, it is a real problem, I believe, in this country and one worthy of the best thought of the bank-



ROY C. OSGOOD

The new president of the Investment Bankers Association

Mr. Osgood is vice-president of the First Trust and Savings Bank of Chicago. He has long been interested in the affairs of the I. B. A. having given special study to the subject of taxation

ers of the country, the problem of how we can reach those people and get them to invest their money in a proper way. I presume that the investment bankers have not offered the small bonds for the reason it was too expensive to reach these people; retail business is always expensive. But if you cannot go to each one of these investors, then you should go to the institutions that will gather up the small savings and be able to invest in your securities in large amounts. Of course, there are a large number of these

institutions in this country now, the mutual insurance companies, the mutual savings banks and the savings banks of trust companies. But in spite of all those means, there are still a large number of people who can be reached through war savings stamps and Liberty Loan bonds, but other than that they do not know where to put their money.

Gentlemen, I am very glad of the opportunity to give you this idea. I hope you will be able to do something that will at least start the solution of it in progress.

The report of the Committee on Foreign Securities, prepared by Thos. W. Lamont, of J. P. Morgan & Co., New York, was read by Charles W. Williams of the Fidelity Trust Company of Philadelphia. After giving the personnel of the International Committee of Bankers on Mexico, composed of ten American, five British and five French bankers, the report went on to tell of the tentative negotiations with Mexico, and expressed the opinion that it is doubtful if anything can be done with respect to the Mexican debt until the recognition of a government in Mexico on the part of the United States.

In respect to the obligations due from Russia, the committee had received information from the Department of State in which the opinion is expressed that recognition cannot be granted by this Government to any future Russian government which does not accept the foreign contractual and bonded debts of the former Russian Imperial Government and of the Provisional Government which succeeded it.

After referring to some other matters the report of the committee concluded as follows:

It is the hope of your committee that the activities of the various committees of which it is my privilege to report will be extended further during the coming year, and that the work which has been undertaken will mark only the beginning of more concerted and intensive action on the part of the American bankers for the conservation of the interests of American investors in foreign securities. The year that has elapsed since the last convention has seen a further extension of the interests of the American public in foreign securities. In spite of the condition of our money market, which has made difficult the placing of new securities, considerable success has attended the flotation of such foreign issues as have been brought out in this market. The great success attendant upon the issuance of the obli-

gations of France, Belgium, Switzerland and Norway is typical of this hopeful situation.

In addition to such dollar obligations as have been brought out there have been many American purchases of internal municipal and government loans of various foreign countries. It would seem advisable, in connection with such purchases in this country, to draw the attention of the Investment Bankers Association to the necessity of taking some steps looking toward the protection of the American investment public, both through the dissemination of a more exact knowledge of the nature and intrinsic merit or some of these securities, as well as the establishment of a safeguard against the issuance of forged or fraudulent securities.

It is a matter of common knowledge that a great many foreign municipal and government internal loans have been handled by houses of limited responsibility. The basis upon which such securities have been sold to the American public has been the current depreciation of foreign exchanges prevailing on the countries whose internal issues have been floated here. Emphasis has been placed in most cases upon the depreciation of the present exchange rate as compared with normal and the possibility of huge profits through the return of exchange rates to normal. In most cases very little, if anything, has been said, of the nature of the obligation or of its intrinsic merits.

It is the belief of your committee, therefore, that steps should be taken for the remedying of a situation which is susceptible to considerable abuse. Merely as a basis of discussion and with the idea of getting some concrete proposal, your committee suggests the advisability of the establishment of some means of registration of internal foreign government and municipal loans placed in this country and for the establishing of the authenticity of such issues.

It is the belief of your committee that the next few years will witness a considerable extension of the interests of the American investment public in foreign issues. The process of financial and economic reorganization, not only in Europe but in other countries, such as Mexico, and China, should afford exceptional opportunities to the American investor.

#### THE CHINESE CONSORTIUM

It was my personal privilege to spend several months of this year in the Far East. I was asked by the American Group of the Consortium formed for the assistance of China to visit Japan and China for two purposes. The first of these was to ascertain definitely whether the Japanese Banking Group, with the approval of its government, planned to enter the Consortium without reservation. The fact has already been announced that an agreement was reached in which Japan enters the Consortium upon precisely the same terms as the



other banking groups. The second object of my visit was to observe in China financial, industrial and political conditions, so as to be able, upon my return to America, to make a somewhat comprehensive report to the Western banking groups as to China as a safe and profitable field for Western investment. As a result of my observation, I became convinced that, despite the present weakness of China's central Government, that country will for the long future become an attractive field for American investment. China has untold wealth in her natural resources; it requires only stabilization of political conditions there in order to develop these resources and make the country the greatest in the world, perhaps, in actual as in potential wealth.

The Consortium for China, as has already been announced, does not plan to concern itself with private enterprise, private business, or private industry in China. Rather it will confine itself to the development of China's great basic enterprises, such as the reform of her currency, the establishment of transportation systems, etc., in a way calculated to stabilize general conditions and to render China a safer and more profitable field for the private initiative and effort of our citizens.

The Consortium plans to do this with the approval and co-operation of the Chinese Government and people, with safety of investment for the people of the United States, Great Britain, France and Japan, to whom Chinese securities will be offered; with an excellent interest return to such investors; with a fair profit to the bankers and with the hope on the part of the Consortium that within a few years it will have been able to assist China to reach such a point in the development and management of her enterprises that, as a Consortium, it will be able to withdraw and leave the entire field to Chinese handling, and to such private foreign enterprise as may continue to be attracted by the opportunities in China.

Owing to the war the British and French markets may be unable for some few years to come to purchase any large amount of foreign securities either of China or of any other nation. The American Group, therefore, has by force of circumstances jumped from an inconspicuous position in the old Consortium to one of prime importance in the new. In this America, as represented through the group, should be equipped to play a very active part. If so equipped she will be able to envisage the situation so as to lay out, with her experienced partners of Great Britain, France and Japan, a sound and comprehensive plan for the economic and financial development of China. She will be able to bring to American investors the true story of China, the story of the safety and soundness of these Chinese securities which the American Group finds itself able to recommend. Through her representative at Peking she will be able sympa-

thetically to wield influence upon the present confused elements—to make a real contribution to the improving political conditions there.

The readiness of the investing public of this country to purchase the obligations of Foreign Governments signifies in the belief of your Committee a very hopeful step forward in the business life of the United States. The future prosperity of this country is so closely interwoven with the rehabilitation of the European countries, which have in the past been substantial customers of this country, that every reasonable effort, consistent with our domestic, financial and industrial situation, should be made by the Investment Bankers Association to promote the distribution throughout this country of the obligations of the European countries which are clearly entitled to credit accommodations.

#### REPORTS OF COMMITTEES

Reports were presented to the convention by the Government Bond Committee, the Marine Securities Committee, the Committee on Taxation, Committee on Education, Irrigation Securities Committee, Real Estate Securities Committee, Committee on Public Service Securities, Committee on Fraudulent Advertising, Municipal Securities Committee, Industrial Securities Committee, and Railroad Securities Committee. The latter report, which was listened to with great interest, was prepared by Allen S. Forbes, but as Mr. Forbes was unable to be present his report was read by John E. Oldham.

In considering the financial problems which the railroads will have to meet in the future, the report said:

The logic of the situation unmistakably points towards consolidations where economies can be effected and the satisfactory handling of traffic promoted. While in the judgment of the committee the law has wisely made such consolidations permissive rather than compulsory, sound business judgment will perceive the business opportunities and can be relied on to bring about this logical solution of many of the problems involved.

After summarizing the report, Mr. Oldham made a careful analysis of the railway situation. His address follows:

In the closing sentences of his report the chairman has emphasized the importance of establishing credit on a basis which will make it possible for the railroads generally to obtain new capital. You will, I am sure,

unanimously approve his statement that the railroad problem has not been solved unless recognition is given to the need for corporations of sound credit and the necessity for corporations to raise new capital, both readily and economically. I am confident, also, that you will assent to his further suggestion that satisfactory credit and the raising of capital readily and economically depend upon the ability of corporations seeking capital to obtain a part of such capital by the issue and sale of capital stock as well as bonds. In the solution of these problems I believe will be found the final solution of the railroad problem.

To issue stock as a means of financing, railroads must necessarily pay dividends consistently and regularly. Inasmuch as railroad income is dependent upon the rates charged for service, and, inasmuch as such rates under the existing policy of regulation are to be made with a view to providing a given rate of return upon the value of the property, without regard to capitalization, it follows that income will not be sufficient to provide a satisfactory return on the full amount of the capitalization if the amount of the capitalization substantially exceeds the value of the property. It follows, also, if the capitalization is composed of interest-bearing securities to an amount which approximates the value of the property, that fixed charges will consume such a large part of the available income as to preclude the possibility of distributing such dividends as may be necessary to make railroad stocks attractive and satisfactory investments.

Assuming that rates are sufficiently liberal to provide a satisfactory return on the value officially recognized for rate making purposes, a standard of credit to be satisfactory and sound requires:

(a) That the face value of the securities making up the capitalization, whether they be represented by stocks, bonds or other forms of indebtedness, shall not substantially exceed the value of the property devoted to the service of transportation.

(b) Such a further division of the capitalization between stocks and bonds—using the term "bonds" in a broad sense to cover all forms of indebtedness—that the requirements for fixed charges will not absorb such a large proportion of the income as to make it impossible to pay satisfactory dividends.

The observance of these principles is fundamental to any plan which looks forward to establishing sound credit conditions among the railroads generally. It was by observing these conditions that the railroads of recognized credit have established themselves in the confidence of investors. The bonds of these railroads are considered safe bonds and their stocks are considered desirable investments. Both occupy a preferential position in the investment markets, while neither the bonds or stocks of companies which do not meet these conditions are

looked upon with favor by conservative investors.

During the past year the railroads which have been accustomed to pay dividends regularly, in spite of their unfavorable showing under Federal control, have, nevertheless, almost universally raised considerable amounts of capital on their own credit, while the roads without such records have been obliged to rely entirely upon governmental assistance. Railroads which have established themselves in the confidence of the public may be said, therefore, to have characteristics in common, both in their financial organizations and their financial policies. These characteristics are easy to recognize and we have only to study the financial history of these roads to see clearly the adjustment in capitalization which the remaining roads must make to place their securities in a position of similar strength.

Dividend-paying railroads, however, handle but little more than 50 per cent of the country's transportation business. The balance is handled by railroads which find it difficult or almost impossible to finance at all times.

The Chairman in his report has stated that the service furnished by these roads—the roads of weak credit—is vital to the country's needs. If ways and means cannot be provided for placing these roads in a position to obtain capital on their independent credit, the service they furnish will become so unsatisfactory that the inevitable result will be an insistent demand for Government ownership as the only remedy for the situation. The sentiment of this Association and the country at large is so largely and emphatically in favor of the policy of private management that the possibility of Government ownership is looked upon in the light of a calamity. If Government ownership, however, is to be avoided, private management must be made a success. The fact must be faced that private management cannot be a success unless a constructive program is undertaken which will eventually establish railroad credit as a whole on a sound basis. Concretely speaking, we must have a thorough reconstruction of the credit of the so-called weak roads.

The Transportation Act provides for rates sufficient to give roads operating under average conditions a fair return on the value of their properties—these values to be established by a Federal valuation. I believe the large majority of railroads of the country, whether they be railroads of strong credit or weak credit, are average companies, and, for the most part, the differences between these two classes of roads will be found to be more largely differences due to past financial policies and practices than to differences in operating conditions. I believe that the capitalization of the roads of weak credit for the most part exceeds the value which will be given them for rate-making purposes, and where the capitalization does

not exceed such value, because an excessive proportion of the total capitalization is in the form of interest-bearing securities, fixed charges absorb too large a proportion of the available income.

The first step in the process of reconstruction of credit, therefore, is to adjust capitalization to the approximate value of the property for rate-making purposes; the second step is to determine the proportionate parts of the available income properly applicable to fixed charges and dividends to conform to recognized standards of financial soundness. By capitalizing the fixed charges and dividends, the proportionate parts of the capitalization which should be represented by issues of stock and interest-bearing securities can be readily determined.

The difficulties which are always encountered in bringing about an agreement among security holders in the negotiations which take place in an attempt to bring about reorganization might well suggest that such a program as has been outlined above is doomed to failure at the outset. A bondholder of a company undergoing reorganization almost universally insists upon a new bond, of much the same type as the one he surrenders—a bond of the same face value, with little or no reduction either in principal or interest—thus it has been that the great majority of railroad reorganizations which have taken place in the past have failed to make sufficient improvement in credit to place the reorganized company in a sound credit position. Even though it were possible to make such a readjustment of the capitalization as to give the reorganized company the financial strength of roads of established credit, it would still take time for the public to appreciate that the value of the securities of such a company had the same intrinsic strength as the securities of a company with like earnings and similar capitalization which had already established itself in the confidence of investors by years of sound financial practice.

While financial strength is the basis of credit, it alone does not make credit. Credit is not established until there is confidence in the securities of the company and to establish confidence this financial strength must be understood and appreciated. I believe that the capitalization of the roads of weak credit for the most part will be found to exceed the value which will be given them for rate-making purposes, and where the capitalization does not exceed such value, fixed charges absorb too large a proportion of the available income because an excessive proportion of the total capitalization is in the form of interest-bearing securities. Because of these circumstances bondholders in a proposed reorganization prefer the security offered by the bonds which they hold to the position of part bondholder and part stockholder in a new corporation whose soundness has not been demonstrated and especially because stock which he would be

required to take would not have a market commensurate with its intrinsic value. Investors in railroad stocks want stocks with established dividend records. Their confidence rests more largely upon reputation already established and their belief in the future is based upon the past. Unless inducements can be held out to the security holders of the corporations of weak credit that in the proposed readjustment they are to secure part cash, or its equivalent in the form of securities for which there will be a satisfactory and established market, a general readjustment of the finances of the weak roads as proposed does not appear to be practicable. Even if it were practicable it would not fully meet the problem of obtaining new capital readily and economically. The readjustment of capitalization must therefore be considered as but one of the steps to establish credit, although a necessary and important one. There still remains to be considered the question of providing a market for the securities resulting from the readjustment if these securities are to be the means of obtaining new capital.

The Chairman has stated in his report that the logic of the situation unmistakably points towards consolidations as a solution of the railroad problem, where economies can be effected and satisfactory handling of traffic promoted. The logic of the situation also, it seems to me, points unmistakably to consolidations as the indirect and, perhaps, the only means of providing a market for the securities of railroads which, by readjustment of their finances, have established for themselves a sound basis of credit. Capital requirements of railroads must be met by the issue and sale of securities in which the people have confidence; such securities are manifestly the securities of the companies of established reputation for financial soundness.

A program of consolidations must necessarily be undertaken on the basis of mutual advantage to all interests involved. This cannot be done unless the weak roads first of all are made financially strong through such a readjustment of their capitalization as will give them financial organizations of the same character as the strong roads with which consolidation is proposed. There must be a similar division of the capitalization into stock and interest-bearing obligations, and, further, the total capitalization must represent a similar relationship to both the property value and earnings with such modifications as special circumstances may determine in individual cases. Consolidation of the strong and weak roads on this basis will overcome the objection on the part of bondholders to accepting part stock and part bonds for their interest in a corporation of poor credit; for they would eventually become the possessors of obligations in sound corporations and the owners of stock which would have a recognized market at its approximate real and conse-

quently cash value. Consolidations on this basis would not take any strength from the strong company but would only make the strong company a larger company of the same strength as before the consolidation. The strength given to the weak company would be that arising from reputation only and would result in making capital available which would otherwise be unavailable for developing the railroad facilities of the country.

Consolidations as a remedy for many of the difficulties to successful private operation are clearly recognized by the Transportation Act. The act looks forward to the consolidation of the railroads of the country into a limited number of strong, competing systems. The Interstate Commerce Commission is required to prepare a plan of consolidations by so combining and grouping existing roads that the transportation of the country shall be handled eventually by systems which can handle traffic, both efficiently and economically, and, operating under uniform rates, earn substantially the same rates of return on their property values.

I believe the development of a national system of transportation along these lines is both practicable and desirable; that, with the co-operation of all interests involved such a system can be established without disturbing the relationships of ownership and control which now exist and which it is desirable to maintain, and, further, that it can be done on a basis which will fairly recognize the equitable rights of all parties concerned. Such a system once established would greatly simplify the problems of regulation and many of the problems which have been the cause of much misunderstanding and agitation in the past would automatically disappear. The best disposition of individual properties to accomplish the purpose contemplated by the act is a matter which will necessarily be the occasion for a wide difference of opinion at the outset. The problem must be solved by the co-operative effort of those most familiar with the natural channels of trade and commerce, by those who are best versed and experienced in matters which relate to operation and by those who have a thorough understanding of railroad economics and railroad credit. The whole question must be viewed from the standpoint of transportation as a whole, for the public interest is the primary interest to be served.

The Interstate Commerce Commission has already undertaken to prepare a tentative plan for consideration and discussion. As the work of the Commission progresses it will become a matter of increasing public interest, especially as it may well be the factor which will most largely determine the success or failure of private management. I believe that this phase of the railroad problem is of such interest and importance, not only to the public, but to the members of this

Association, that the Railroad Committee for the coming year should give it thorough study and thoughtful consideration.

Mr. Oldham was followed by F. J. Liswan, of New York, who declared that "The nation will never be on a strong basis until the railroads are on a strong basis."

#### OFFICERS ELECTED

President: Roy C. Osgood, First Trust and Savings Bank, Chicago.

Vice-Presidents: Howard F. Beebee, Harris, Forbes & Co., New York; J. Hugh Powers, Mercantile Trust Company, St. Louis; Robert K. Cassatt, Cassatt & Co., Philadelphia; N. Penrose Hallowell, Lee, Higginson & Co., Boston; John A. Prescott, Prescott & Snider, Kansas City.

Secretary: Frederick R. Fenton, Fenton, Corrigan & Boyle, Chicago.

Treasurer: Watkin W. Kneath, National Bank of the Republic, Chicago.

Board of Governors (terms to expire in 1923): Howard F. Hansell, Jr., Frazier & Co., Philadelphia; Dean G. Witter, Blyth, Witter & Co., San Francisco; Henry D. Thrall, Minnesota Loan & Trust Co., Minneapolis; James C. Fenhagen, Robert Garrett & Son, Baltimore; Eugene E. Thompson, Crane, Parris & Co., Washington, D. C.; J. A. Fraser, Dominion Securities Corporation, Ltd., Toronto; James C. Willson, J. C. Willson & Co., Louisville; John G. Brogden, Strother, Brogden & Co., Baltimore.

For terms expiring in 1920: B. C. Lingle, Harris Trust & Savings Bank, Chicago; Thomas B. Gannett, Jr., Parkinson & Burr, Boston.

Prior to adjournment resolutions were adopted thanking the Boston members and their friends "for courtesies shown, and the magnificent hospitality so generously extended and so greatly enjoyed."

At the banquet Hon. Andrew J. Peters, Mayor of Boston, spoke as follows:

To-day the whole world is suffering from a scarcity of capital. We need capital for the development of our resources. We need it for the development of our states and of

our cities, and not alone of our Governmental resources. We need it for the development of our railroads which have so much to do with the general progress of our country. We need the establishment of the confidence of the public in those railroads, for without the establishment of such confidence the capital cannot be maintained to keep them running as private enterprises.

We have, too, today, the industries of our country no longer owned individually or by firms, but we have them in the form of corporations whose securities are placed among the people of the United States, and confidence in those securities and knowledge of their value and opportunities presented by them is essential to the people of the United States in order to obtain from them the necessary capital to further develop and extend the industries of our country on which our future development must depend, on which the employment of labor rests, and on which so much the general prosperity of our country hangs.

#### OPPORTUNITY OF THE INVESTMENT BANKERS

In all this you have a great public function to perform because in your hands is placed the opportunity and, I will say, the responsibility of bringing to the people of the United States the knowledge of the advantages of saving, of bringing to them the knowledge of the soundness and security of investments, for the waste of money in investments is not only a waste for the

individual but it is a waste for the community as well.

This opportunity, as I have said, carries with it a great responsibility, because the country cannot progress unless its capital is conserved and used to its best interests, and now that we have this great destruction of capital in the world, now that the world is becoming or will become in the future more and more competitive we must in this country appreciate that our resources are to be handled and conserved. You need, therefore, not only the highest standards of personal integrity and character in your dealings with your clients, but you need as well to bring to them the knowledge, the judgment, the broad view of the investment market and so place at their disposal facilities beyond the opportunity of any private person to obtain.

The field in which your opportunity presents itself is without limit. We have not only the field of foreign investment which involves the situation in foreign countries and our relations with them, but we have too all the various fields of local investment in this country, the development of our railroads, of our water powers of our municipalities and states, and private concerns. Economically your efforts lead to the conservation of capital by drawing it into channels where it will be most useful and may always be of the utmost concern to society, and never more so than now when we have to make good the huge deficits of world capital which we have just witnessed.



## What is a Bank ?

By AARON L. WILLONER

**T**HE bank's building is its corpus—its encasing.

The departmental organization is its bony structure.

The employees are its muscle; they labor incessantly and most faithfully.

The officials are its nervous system.

The board of directors is its brain.

The president is its heart, whole pulse throbs vigorously.

Its capital is its breath of life.

Its deposits are its life blood.

Its loans and investments are its fat upon which it thrives.

The surplus and undivided profits are its stored up energy for a rainy day.

The total resources represent its composite strength.

Its business, old and new, is its food and nourishment.

Its appetite continually increases.

Its digestion is most excellent.

Its esprit de corps is extremely commendable.

**THIS IS A LIVING BANK.**

P. S.—The stockholders are the guests at the festive table and the mourners at the funeral.

# The Bank as the Farmer's Friend

An Impartial Observer Tells What the Banks Are Doing for Rural Communities

By E. V. Laughlin

**I** LISTENED not long ago to a man who was condemning banks. The burden of his remarks was to the effect that the banks were using the people's money without returning a recompense. He professed to see in the bank a scheme of the capital class to dominate those of small means. In brief the fellow desired the annihilation of the present banking system.

I have pondered quite a little over the remarks of this semi-I. W. critic. To me his conclusions seem entirely unfounded. My experience has been that the bank is one of the best institutions that any community can possess. I can see only good arising from the presence of a bank.

Permit a personal illustration of this latter point. As a young man I lived near a town that did not boast of a bank. Father needed to borrow \$500. He was known to be a man who always paid his just debts; in addition, his farm was ample security for a loan of this size. To obtain this amount of money he was obliged to canvass the neighborhood until he found some one having this amount to lend. Several had smaller sums they desired to lend and one or two offered him \$1,000. These he had to reject because he did not desire to borrow more or less than he needed. Finally, of course, he found the individual who had just \$500 to lend. To do this, however, involved the waste of a great deal of time and energy; in addition, it had the unpleasant feature that father was compelled to divulge his business to many people.

The foregoing incident happened about twenty-five years ago. How different it is today in that same community. The local bank would take care of a little matter of this kind. Father could now obtain his loan because the banker has in his keeping the money of a great many people and the

amount borrowed is really contributed by neighbors and friends. The banker acts as a sort of go-between for the people of the community. As I see it the bank is virtually a co-operative institution, especially the bank of the rural community. In practically the same sense the banker and his assistant officers become a corps of managers. The interest they receive is virtually the sum the community pays for the maintenance of an institution of this kind.

It always makes me boiling mad to hear any one run down the value of the bank. I am fully convinced that it is the greatest friend the farmer has. I personally know of many farmers who have been able to purchase their farms because of the aid extended by the local bank. Personally I have been the recipient of many favors from banks. My experience is that ninety-nine out of a hundred bankers are fair, square, anxious to accommodate, and trustworthy to a penny. During the past twenty-five years I have lived in a dozen different rural communities possessing banks, and I have thus come in touch with quite a large number of bankers. Of the hundred or so that I have thus met I have not found a single one that would knowingly approve dishonest dealings of any kind. My faith in banks and bankers is very large, therefore. My belief is that it will pay every farmer to run a bank account and to counsel with his banker frequently. His money will be safer, he will aid the community in a cooperative way, and he will make a very true friend. The time is gone when it is wise or safe to keep large sums of money around the house. The banker is ready and anxious to receive the money for safe keeping. The right and patriotic thing to do is to encourage this great friend of the farmer by keeping a checking account in the local bank.

# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL - - - - \$5,000,000.00  
 SURPLUS - - - - 5,000,000.00  
 UNDIVIDED PROFITS 2,500,000.00

### OFFICERS

HARVEY D. GIBSON . . . . .	President
DANIEL G. REID . . . . .	Vice President
ALEXANDER V. OSTROM . . . . .	Vice President
CHARLES W. RIECKS . . . . .	Vice President
ERNEST STAUFFEN, Jr. . . . .	Vice President
JOSEPH A. BOWEN . . . . .	Vice President
BENJAMIN E. SMYTHE . . . . .	Vice President
JAMES G. BLAINE, Jr. . . . .	Vice President
JOSEPH S. MAXWELL . . . . .	Vice President
GEORGE MURNANE . . . . .	Vice President
SIDNEY W. NOYES . . . . .	Vice President
MAURICE F. BAYARD . . . . .	Vice President
FREDERICK W. WALK . . . . .	Cashier
FREDERICK P. McGLYNN . . . . .	Assistant Cashier
THEODORE C. HOVEY . . . . .	Assistant Cashier
LOUIS W. KNOWLES . . . . .	Assistant Cashier
RAYMOND G. FORBES . . . . .	Assistant Cashier
DANFORTH CARDOZO . . . . .	Assistant Cashier
EDWARD J. WEALAN . . . . .	Assistant Cashier
DONALD D. DAVIS . . . . .	Trust Officer

## **When You Build That New Home for Your Bank**

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Hibernia Bank & Trust Company, New Orleans, La.  
Seaboard National Bank, New York  
National Bank of Commerce, New York  
Asia Banking Corporation, New York  
Mercantile Trust Company, New York  
American Exchange National Bank, Dallas, Texas  
Charlotte National Bank, Charlotte, N. C.  
First National Bank, Jersey City, N. J.  
Greenwich Trust Company, Greenwich, Conn.  
Colonial Trust Company, Philadelphia, Pa.  
Titusville Trust Company, Titusville, Pa.  
First National Bank, Richmond, Va.  
Virginia Trust Company, Richmond, Va.  
Planters National Bank, Richmond, Va.  
Lynchburg National Bank, Lynchburg, Va.

**We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.**

**Alfred C. Bossom**

***Bank Architect and Equipment Engineer***

**680 Fifth Avenue, New York**





The new safe deposit vaults of the up-town office of The New York Trust Company, showing the 35-ton door

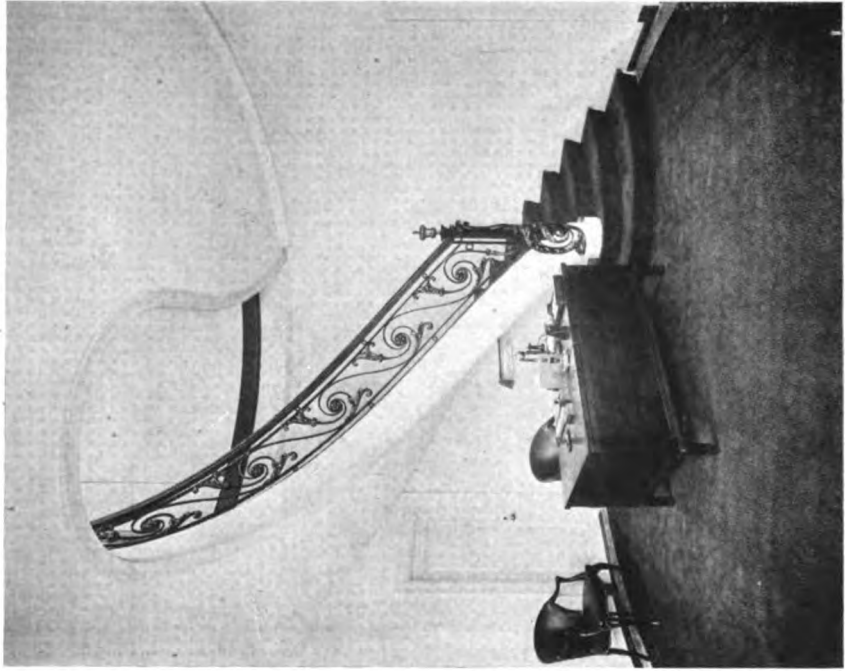
## A Modern Safe Deposit Vault

**T**HE completion of modern safe deposit vaults marks another step in the perfection of the up-town service of The New York Trust Company. It will be recalled at this time that the opening of this bank's up-town office at the corner of Fifth Avenue and Fifty-seventh Street in the former residence of Mrs. Herman Oelrichs caused considerable interest, as at that time, nearly two years ago, the adaptation of a residence to banking purposes was a new idea. To transform a magnificent mansion into effective banking quarters, yet dominated by simplicity and convenience, was no easy task. So skilfully and sympathetically, however, was the remodelling planned and carried out that the architectural and decorative spirit that characterized this private house were successfully preserved, and yet all those essential features and equipment necessary for carrying on a banking business in the most up-to-date manner were provided.

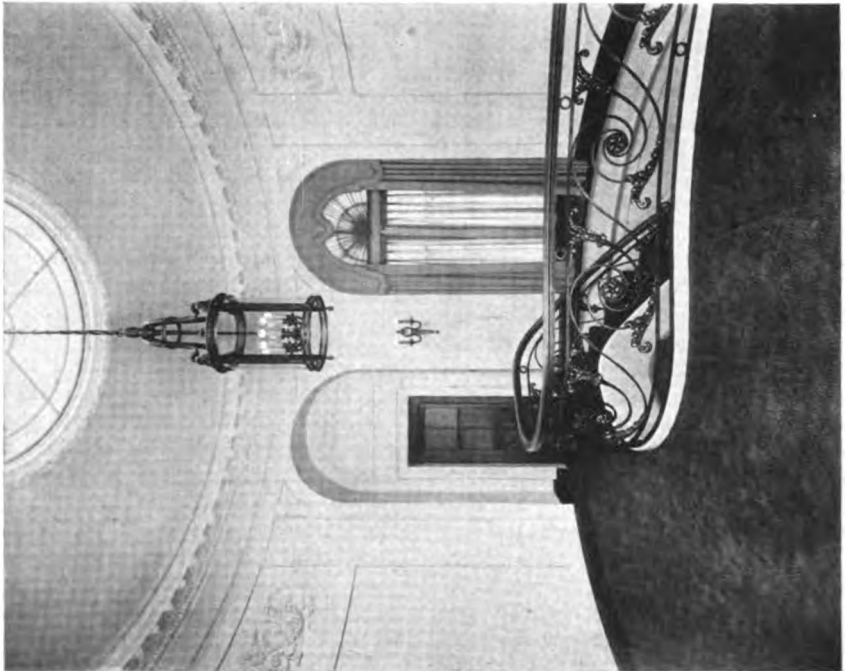
The safe deposit vaults, which have recently been completed by the Herring-Hall-Marvin Safe Company, are the last word in vault construction, not only from the point of view of safety but also in the convenience and comfort afforded to the holders of safe deposit boxes. Admission to the vaults may be either through the banking room or direct from the street.

The concrete walls of the vault are two feet in thickness and are strongly reinforced with heavy interlocked rails. Inside of this concrete shell there is a heavy steel lining on all four walls, floor and ceiling. The steel of which this lining is composed is of high tensile strength and ductility, with tool proof and cutter burner resisting sections, arranged and interlocked so as to produce the greatest possible resistance to all the various methods of attack.

The vault is provided with one main circular door and one emergency circular door, each of which is two feet in



Another view of stairway



Stairway leading down to safe deposit vaults



Main corridor of safe deposit department showing daylight coupon rooms on the left

thickness. The weight of the main door and frame is 62 tons, the door alone weighing approximately 35 tons. These doors have carefully ground joints and are built up of composite construction, including a face casting carrying reinforced concrete and anti-cutter burner sections and inner sections which correspond in principle to the general make-up of the lining.

In order to provide a level walkway between the lobby of the safe deposit department and the interior of the vault, a lowering platform is arranged in front of the circular door.

One of the protective features of the vault is the fact that it is set in such a position as to permit observation of all sides, top and bottom. This also provides access to the electric protection for inspection and repairs. This electric protection is covered with panel work and is connected with the central station of the Burglar Alarm Company, so that the slightest tampering with the outside walls of the vault is immediately communicated to the proper authorities.

A constant current of fresh air is forced into the vault from the emergency door and distributed by means of ducts to the various parts of the vault. Another feature of the interior of the vault is the installation of messenger call and emergency alarm buttons at readily accessible points. Connecting points for portable lights are also provided for use in lighting storage spaces or when repairs are being made or locking devices adjusted.

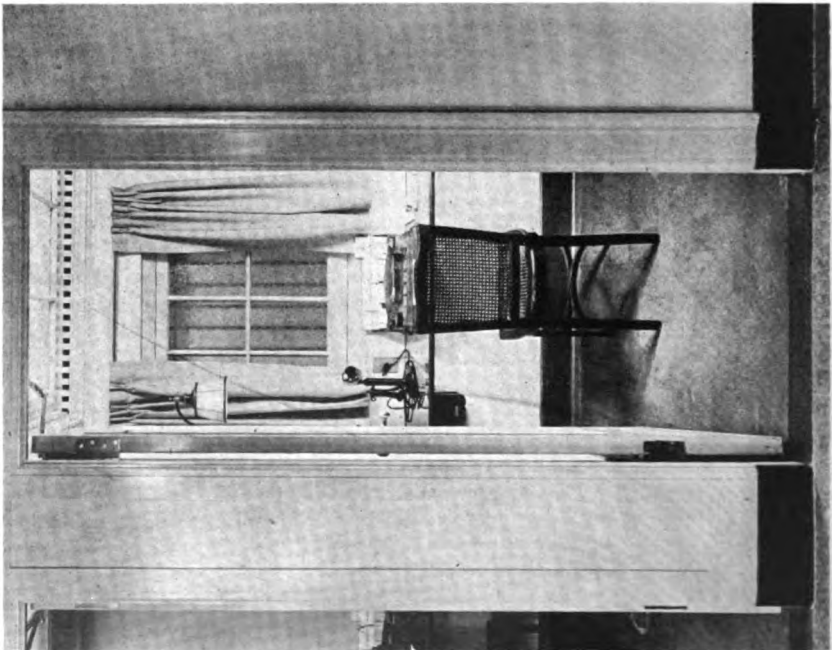
A telephone has been installed in the vault connected with the central station, which is to be used in case anyone should be locked in. Methods have been provided to permit the releasing of anyone locked in.

Another interesting feature is the arrangement of alarm bells so that in case the emergency door is not closed prior to the main door a gong will ring until this door is closed. This prevents the attendant from forgetting to close the emergency door at night.

Another gong is connected with the foot bridge in such a way that at closing time, when the foot bridge is raised



One of the coupon rooms for several people



Individual coupon room. Notice the telephone service



Two views of the interior of the vault

to permit the closing of the door, a gong rings for several minutes, notifying everyone in the vault and in the bank that the vaults are about to be closed.

Inside the vault are several thousand safe deposit boxes in a great variety of sizes. The twenty-three coupon rooms are located outside and enjoy both outside air and daylight, eliminating the too usual sense of heaviness and confinement.

The vault's ceiling is suspended about

six inches, leaving a concealed space for the wires, alarm gongs, lighting fixtures and ventilating ducts. The exposed walls and ceiling on the inside of the vault and all four walls on the outside are covered with polished steel plates laid off in panels and so constructed that none of the fastenings are visible.

This modern vault, so up to date in every detail, will be a great convenience to the many up-town customers of The New York Trust Company.



## An Old Bank in a New Home

**T**HE Old Lowell National Bank of Lowell, Mass., which during the ninety-two years of its history has built up an enviable reputation for sound, conservative banking, is now located in a new banking home, up to date in every particular and embodying the best features of modern architecture.

This new building stands in the heart of the business section, and impresses the passerby with its beauty as well as its atmosphere of dignity and solidity so appropriate to a banking structure. It has a stone front with fluted columns with wide window spaces between which afford splendid natural lighting facilities for the interior of the bank.

The arrangement of the interior is

in accordance with the latest principles of office planning, all the available space being utilized without crowding and so as to insure the maximum amount of efficiency. The public space occupies the center of the main ground floor. On the right as one enters the bank are the officers' quarters and further on the tellers' cages, which are screened by a bronze grill of pleasing design. On the left of the main entrance is a stairway descending to the basement quarters and next to this is a railed off space for the assistant cashier. Further on are the savings department windows, four in number.

The general aspect of the interior is light and airy. The walls are panelled and painted in buff, while the panel



Old Lowell National Bank, Lowell, Mass.

mouldings and columns are in dark ivory color. The ceiling, high overhead, is squared with heavy beams plastered and painted in light ivory and white. Directly in the rear of the banking room and crossing its entire width is a balcony, its solid masonry balustrade bearing a beautifully designed clock which is visible from all parts of the public space. The balcony is given over to the bookkeeping department and for general bank work. The rear windows are large, and together with the front windows give plenty of natural light. From the ceiling chandeliers are suspended by chains.

The woodwork throughout the bank is of mahogany and the floor in the public space is made of solid marble squares. Behind the railings the floor is of quartered oak. In the rear be-

hind the grill and against the rear wall of the building is another descending staircase for the banking force to reach the basement and also another stairway leading up to the balcony. Here also is provided a small elevator to facilitate the carrying of books and valuables to and from the vault floor in the basement.

One of the features of the bank's service is its safe deposit department located in the basement. Here inside the bank's spacious vault are 1,050 safe deposit boxes of various sizes. Near the boxes are located the customers' booths, where boxholders may enjoy privacy and comfort in examining the contents of their boxes, clipping coupons, etc. An attendant is always on duty in this department. The bank's vault is of the most approved and strongest type

of construction and fully protected by every device for safety. The entire building is strictly fireproof.

HISTORY OF THE BANK

The Old Lowell National Bank is older than the city itself, as it antedates the incorporation of the city. It first opened its doors on May 19, 1828, with a meeting of the stockholders at the residence of Jonathan Tyler, where the first board of directors was chosen. It was first known as the Lowell Bank. The original board consisted of Nathaniel Wright, Josiah B. French, Thomas Hurd, Kirk Boott, Amos Whitney, Joshua Bennett, Benjamin Varnum and Jonathan Morse. With men of this type as founders, the bank started business with a policy of solidity, safety and conservatism which has continued to this day. It has also always endeavored to keep close to its patrons and watchful of their interests. For a period of more than fifty years Charles M. Williams was the president of the bank and the active director of its af-

fairs. Mr. Williams was well known in Lowell and is still fondly remembered by thousands of Lowell people. Another name long connected with the bank was that of Francis N. Chase, cashier, who held this position for many years and until his death.

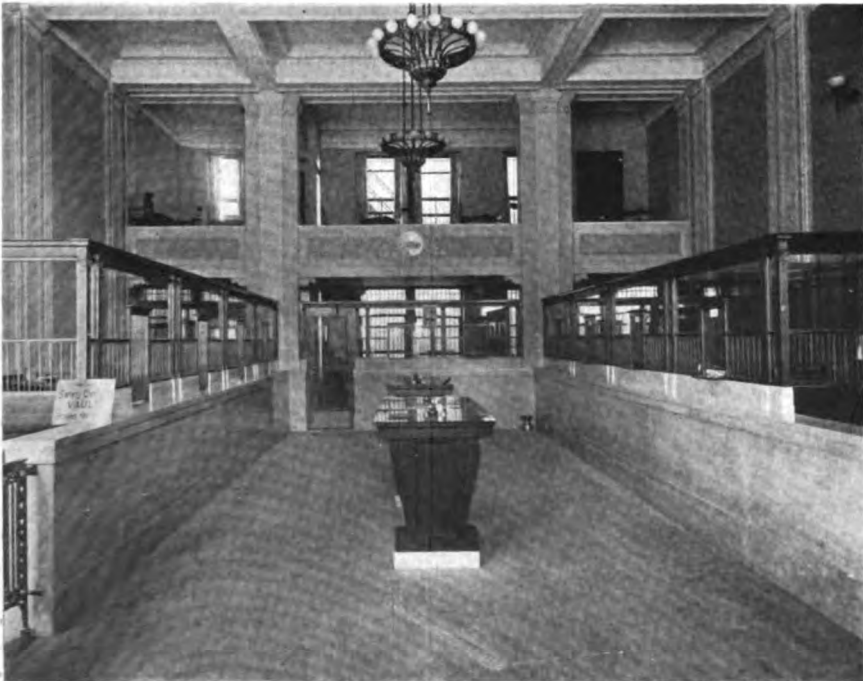
The bank first began business at 18 Shattuck Street, moved from there to the second floor of Wyman's Exchange, where old residents can easily remember its being located, and from there it went into the quarters that it has recently vacated in the Lowell Telegram Building.

The growth of the bank during the past ten years will be seen from a study of the following table of deposits:

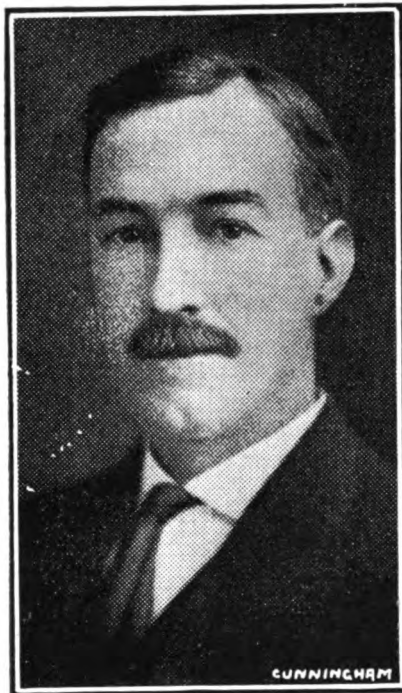
1910 .....	\$456,000
1912 .....	635,000
1914 .....	836,000
1916 .....	1,143,000
1918 .....	2,405,000
September 15, 1920.....	3,700,000

The bank has now 7,800 accounts.

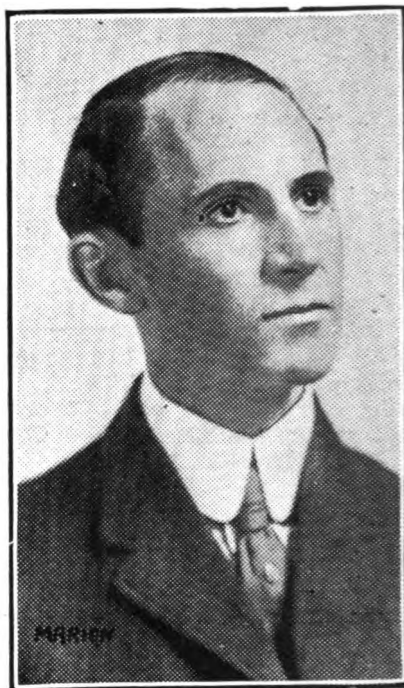
The present officers are as follows: President, John L. Robertson; vice-



Main Banking Room, Old Lowell National Bank, Lowell, Mass.



**JOHN L. ROBERTSON**  
President, Old Lowell National Bank, Lowell, Mass.



**J. HARRY BOARDMAN**  
Cashier, Old Lowell National Bank, Lowell, Mass.

president, J. Munn Andrews; cashier, J. Harry Boardman, assistant cashier; Walter W. Cleworth and William A. O'Malley. Mr. Robertson, the president, is also the head of a large local furniture establishment. He has been president since 1917, when he succeeded Charles M. Williams. Mr. Robertson is a public spirited citizen and interested in everything tending towards the advancement of the city. Mr. Boardman, the cashier, came to the bank in 1893 and worked his way up to his present position through the various departments of the bank. During his connection with the bank, deposits have increased from \$400,000 to \$3,700,000. Mr. Andrews, the vice-president, is a retired business man, having formerly been part owner of the O'Sullivan Rubber Heel Co. The two assistant cashiers, Mr. Cleworth and Mr. O'Malley, are two able young bankers who have grown up in the service of the bank.

The board of directors consists of

the following: Artemus B. Woodworth, lumber; Peter H. Donohoe, importer; Lucius F. Paulint, insurance; James J. Kerwin, attorney-at-law; John L. Robertson, furniture; J. Munn Andrews, manufacturer; Freeman M. Bill, wholesale grocer; Thomas B. Doe, U. S. Cartridge Company; Albert D. Milliken, agent Hamilton Manufacturing Company; Percy Gulline, agent; Columbia Textile Company; J. Harry Boardman, cashier.

It was through the progressive spirit of these men that the bank is now located in its own home and provided with every modern facility for serving the banking needs of its many customers. In this bank is found one more example of the way some of the country's oldest institutions are keeping abreast of the times and offering a modern, up-to-the-minute service based upon the banking experience of nearly a century.



# Banking and Financial Notes

SPECIAL

**THE BANKERS  
MAGAZINE**

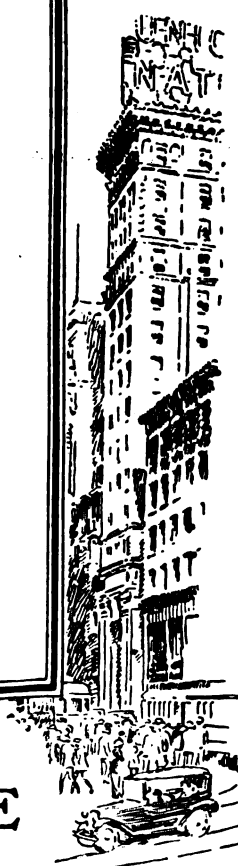
SECTION

**T**HIS bank supplies to banks and bankers, corporations, firms and individuals, an efficient, interested service which measures up to the great industrial and commercial district which it serves.

Our officers will be glad to discuss your requirements with you.

This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

**UNION COMMERCE**  
*National Bank*  
OF CLEVELAND





## STAGE COACHES of EARLY NEW YORK

Very early indeed in its career, the Bank of the Manhattan Company sounded the note of progress which has brought it from its beginnings in 1799, with a capital of \$2,000,000, to the great Institution of today—with connections all over the world and total resources of more than \$250,000,000. ▽ Despite the fact that the only communication of the day was by stage coach or post rider, the Bank established Branches in Utica and Poughkeepsie, which were maintained from 1809 to 1819. While by its side the Merchants' Bank (*now merged into the Bank of the Manhattan Company*) early formed connections with the Philadelphia Bank, the New York State Bank of Albany, and the Hartford Bank, which relations have remained undisturbed to this day. ▽ Beginning with the launching of Robert Fulton's "Clermont" in 1807, and the establishment of a regular schedule *via* steamboat up the Hudson, communication with Albany was made much easier. Once the way had been shown, steamboat service was quickly extended to other mercantile centers, and in 1819 Colonel John Stevens put into commission the first Trans-Atlantic steam liner. ▽ Then about 1830, again due to the genius of Colonel Stevens, began that great railway development which for the first time gave full scope to the keen insight and sound ability of the Bank of the Manhattan Company.

# Bank of the Manhattan Company

Established 1799

40 Wall Street

UPTOWN OFFICE:—31 Union Square, New York

OFFICES IN QUEENS BOROUGH:—Jamaica, Flushing, Long Island City, Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point, Woodhaven, Ridgewood, Fresh Pond

BROOKLYN OFFICES:—St. John's Place and Cypress Hills

STEPHEN BAKER, *President* RAYMOND E. JONES, *First Vice-President*

JAMES McNEIL, *Vice-Pres.* EDWIN S. LAFFEY, *Vice-Pres.* FRANK L. HILTON, *Vice-Pres.*  
 B. D. FORSTER, *Vice-Pres.* P. A. ROWLEY, *Vice-Pres.* V. W. SMITH, *Vice-Pres.*  
 HARRY T. HALL, *Vice-Pres.* D. H. PIERSON, *Vice-Pres.* JOHN STEWART BAKER, *Vice-Pres.*

O. E. PAYNTER, *Cashier*

W. F. MOORE, *Ass't Cashier* H. M. BUCKLIN, *Ass't Cashier* GEO. S. DOWNING, *Ass't Cashier*  
 I. S. GREGORY, *Ass't Cashier* W. A. RUSH, *Ass't Cashier* E. S. MACDONALD, *Ass't Cashier*  
 O. G. ALEXANDER, *Ass't Cashier*

CAPITAL, \$5,000,000—SURPLUS AND UNDIVIDED PROFITS, \$16,146,494.20

# Review of the Month

## The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

“REASONABLY satisfactory” is the term applied to the general business situation by the October review of the National City Bank of New York, while the Federal Reserve Board reports “progress toward a more stable condition.” Says the National City Bank:

General business is moving along in a reasonably satisfactory manner. Everybody is not pleased, but the fundamental conditions are good. A month ago we could report that a good crop of the small grains had been harvested, but the greatest grain crop, that of corn, had not matured and owing to its late start was in danger of frost. The most notable development of the past month has been the maturing of this crop, now estimated at about 3,150,000 bushels. It means much to the country, although the farmers' feeling of gratification is naturally tempered by the fact that the price of corn, which at the middle of June was about \$1.80 per bushel, has fallen for December delivery to below \$1 per bushel. It is the first time since February of 1917 that corn in Chicago has sold under \$1 per bushel. The high point was \$2.36 in August, 1917. The decline has been due to the falling off in the exports of meats and to the big crop now in sight. It is calculated to make the farmer feel that he has contributed to his own undoing. It is not strange that he reads with some feeling of resentment of the various efforts to sustain prices and curtail production in other lines, of textile mills running part time and labor organizations resolving in favor of a six-hour day. Obviously he is not getting fair and reciprocal service from the other industries with which he is exchanging products, but the true remedy is not in reducing the production of foodstuffs, but in increasing the production of other things, so that the prices of what the farmer buys will decline likewise.

The Federal Reserve Board, in a statement issued October 1, thus sums up the situation:

Continuance of the process of readjustment in business and industry, with progress toward a more stable condition, accompanied by price revisions and by the resumption of work in some branches of industry where hesitation as to future outlook had led to suspension, have been the out-

standing features of the business and economic movement during the month of September. After an apparent slowing down in the price reduction movement during mid-summer, it has again reappeared and the past month has seen substantial cuts in well-known automobile makes, textiles of various classes, shoes and leather goods, and in other wholesale prices. Reductions have occurred in a variety of staples including wheat. Changes in prices have tended to make business men and bankers cautious about future commitments. Accordingly, as has often been observed in the past during periods of business readjustment, business is now being done upon a shorter term credit basis than is normal, pending clarification of the current process of readjustment. Excellent crop yields have resulted in sustaining buying power, while improved movement on the railways has given assurance of steadier and earlier marketing than has been believed possible. Banking conditions in several districts have decidedly improved, and from some it is reported that business enterprises are working into a position to finance themselves to a greater degree by reducing inventories and by exercising more careful scrutiny over credits. The crop moving process has gone ahead on the whole smoothly; and the peak of the demand for funds has practically passed without serious inconvenience and with no prospect of an increase of difficulty. On September 25 the reserve ratio for the Federal Reserve System as a whole stood at 43.6 per cent., as compared with 43.2 per cent. on August 27. Speculation, both in commodities and in securities, has been at a relatively low level and there has been a gratifying diversion of banking funds to the service of productive industry in many lines. From various Federal Reserve districts improving conditions and growth of optimism are reported. There is indication that business conditions are now definitely on the road toward stability of as great and confirmed a nature as the disturbed position of the world at large will permit.

### PRICE ADJUSTMENT

The past month has been marked by a continuation of price adjustments downward. On this subject the National Bank of the Republic, of Chicago, states in its October letter:

The one thing which more than any other is responsible for the reduction in the volume of new buying is the general belief that

prices have entered upon a long period of decline. While in the case of many commodities and manufactured articles this conclusion is somewhat hasty, nevertheless manufacturers and merchants generally feel the need of the stabilizing of prices upon a lower level and one upon which buyers and sellers may base operations for a reasonable time into the future without fear of loss. One of the most significant and far-reaching instances of this tendency was the naming of lower prices by a number of important factors in the automobile industry, which action followed hard upon similar reductions instituted by prominent mail-order houses, by a large cotton manufacturer and by various concerns of lesser importance in other lines. This process of market stabilization has been going on for some time in the dry goods, clothing and kindred lines, although as yet the interested retailers have relaxed little of their erstwhile cautiousness in buying. In fact, retailers generally have been rather slow to follow the lead of the manufacturers and wholesalers in this respect. It is contended by the latter that unless retail prices are revised in accordance with the reductions at wholesale, public buying cannot be stimulated and the whole process of readjustment will have to be repeated.

The Mechanics and Metals National Bank of New York thinks that in some commodities prices have probably reached the lowest point they will touch in the present movement, and even in some cases where declines have been most drastic thinks that there may be some recovery. But in considering the average level of prices, this bank thinks that the present decline cannot be said to have come to an end.

Yet the decline has probably passed its most drastic point, and further declines are likely to be much less violent. It is not unlikely that altered credit and monetary conditions have left prices on a permanently higher basis, and that they will not in many years, barring a very great increase in the production of goods, return to the levels of 1913.

The Reserve Agent of the Federal Reserve Board in New York thinks that the effect of these price reductions on the credit situation is very likely to be a movement towards increases in loans. Of a period of transition to lower prices he says:

Such a period calls for a credit policy on the part of the banks, looking to conservation of sound business. Such additional credits as are required are not for further

expansion, but are for the protection of industry. They are to enable business men to undertake in an orderly manner the reduction of inventories and the descent to lower price levels. That the readjustment, which has been quite radical in many industries, has proceeded quietly and confidently, has been due in very large part to the helpful and constructive attitude of the bankers, who, in spite of the heavy withdrawals of their deposits and the unusual movement of funds, have not hesitated, if necessary, to increase their borrowing from the Federal Reserve Bank to furnish such credits for production and distribution as conditions have required.

#### THE BANKING SITUATION

The Comptroller of the Currency has issued a report showing the following analysis of the June 30 figures of the national banks, from which we quote as follows:

The total amount of loans and discounts outstanding June 30, 1920, was \$13,611,416,000, being an increase over June 30, 1919, of \$2,601,210,000. The total amount, however, of loans and discounts, exclusive of rediscounts, on June 30, 1920, was only \$12,396,900,000, which was an increase over June 30, 1919, of \$1,822,062,000.

The following figures give the loans and discounts of banks throughout the country without deducting rediscounts.

Loans made to firms, individuals, etc., on the strength of one or more names on June 30, 1920, amounted to \$3,312,200,000, an increase since June 30, 1919, of \$2,463,316,000.

Loans made upon bonds and stocks on June 30, 1920, totaled \$5,117,890,000, of which about one-fourth was on United States Government securities, this being a reduction in the amount of loans on all bonds and stocks for the year of \$390,495,000.

Loans made on other securities, chattels, warehouse receipts, etc., were reported June 30, 1920, at \$1,782,399,000, an increase during the year of \$451,040,000.

Loans held, secured by real estate, amounted to \$229,829,000, an increase since June 30, 1919, of \$45,847,000. The amount of acceptances held by the banks June 30, 1920, amounted to \$169,098,000, a reduction for the year of \$38,498,000.

#### RATIO OF BANK CAPITAL TO DEPOSITS

What should be the ratio between capital and deposits? This subject is discussed in the following letter, sent by J. H. Case, acting governor of the Federal Reserve Bank of New York, to the banks and trust companies of the Second Federal Reserve District:

# The Chemical National Bank

## of New York

FOUNDED 1824

Capital . . . . . \$ 4,500,000  
 Surplus and Profits . . . . . 1,500,000  
 Total Resources over . . . . . 2,000,000

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In the belief that they will find it of interest, we take pleasure in sending herewith to the banks and trust companies in this Federal Reserve district a reprint of a recently published article on "The Ratio of Bank Capital to Deposits" by E. W. Kemmerer, professor of economics and finance in Princeton University.

It is contended in this article that capital funds should stand in some reasonable proportion to deposits, because the capital funds of a bank provide its customers with a limited guaranty fund against the loss of their deposits and are an assurance to the public of the owners' faith in the institution. It is also pointed out that the marked decline during the past forty years in the ratio of capital to deposits for national banks, state banks and trust companies has been accelerated by the war and the desirability of a new ratio is suggested.

Mention is made of "10 to 1" as a fair ratio between deposits and capital and the paper indicates that a capital fund (capital, surplus and undivided profits) equal to at least 10 per cent. of the deposits is now quite generally considered as the minimum contribution which the stockholders should maintain. In fact, some of the western states have a legal requirement that this ratio shall be maintained.

Professor Kemmerer concludes his discussion with the statement that

"The present is a particularly opportune time for bankers to carefully examine their positions in this regard, and, where needed, to set their houses in order."

The large number of banks in this district which have increased their capital during the past year is an indication of the fact that the bankers of New York, New Jersey and Connecticut are awake to the desirability of maintaining an appropriate ratio between capital and deposits, and it is in view of this tendency that we have thought it would be of interest to all the banks in this district to receive a copy of this article, which we believe is the most comprehensive recent analysis and discussion of the subject.

### CRITICS OF THE FEDERAL RESERVE BOARD

In an address recently delivered before the West Virginia Bankers' Association, Edmund Platt, vice-governor of the Federal Reserve Board, took the occasion to answer some of the criticisms that have recently been made of

the administration of the Federal Reserve System. In the course of his address Mr. Platt divided the present critics of the board into classes as follows:

(a) Those desiring lower rates—cheap money—regardless of economic laws or the reserve requirements of the Federal Reserve Act.

(b) Those declaring that the discount rates of Federal Reserve Banks were not advanced quickly enough after the war-financing was finished and are not yet high enough fully to control credit.

(c) Those who just criticize on general principles—perhaps mostly for political effect.

#### THE RAILROAD SITUATION

Improved conditions in the transportation situation seem everywhere apparent. On this subject the Irving National Bank of New York states:

Distinct alleviation of the transportation crisis is noted the further away we get from the era of government control. September 1 marked the end of the six months of government support, covering the transition back to private control. The higher railway rates for interstate commerce which took effect on August 26, together with the improvement in freight movements, exerted an optimistic influence upon the quotations for railroad stock and bonds. Railway stock averages advanced about \$5 per share in August, equalling the highest price of the year touched in March, and adding slightly to this in September.

A better "flow of cars into the terminals and switching points" is reported by the Federal Reserve Agent of the Federal Reserve Bank of New York, who goes on to say:

Efforts of the railroads generally to increase the average daily car movement have met with great success, and many roads have bettered even their records of September, October and November, 1918, when the war movement reached its height. There has incidentally been a further gain in efficiency of the workers, particularly of the men replacing the trained workers who went on strike last May. In one or two cases, however, the roads still report some interference from striking employees.

#### BETTER ROADS NEEDED

If motor truck development is going to relieve the transportation problem, it is necessary that the nation be provided

with better roads, is the opinion of the American Exchange National Bank of New York, which states in a recent letter:

Motor truck development has greatly intensified the problem of finding adequate capital to construct the type of roads needed to stand up under the traffic. The problem is so great that there is some evidence of despair in the minds of those charged with its solution. There is undoubtedly a reasonable basis for the attitude, for we have spent billions upon our highways, only to find the first sections laid worn away almost before the last are completed and only to realize that the progress made in surfacing roads is negligible. When the entire mileage of public roads is considered, the surfaced roads constitute less than 15 per cent. of the total public mileage.

However, the most progress has been made where it was most needed in the States with the greatest densities of population. Yet, it is apparent that if we are to get the full economic value of the motor truck, it must be made available to the outlying districts as well as to the urban districts, and the problem of permanent roads is one that must be faced with a determination to solve it. Certainly we are better equipped technologically to solve the problem of road building than were the Romans, and they constructed roads that remain one of the wonders of the world, roads of which remnants remain after centuries of wear and tear. They were not handicapped with power driven traffic, but they had all of the problems of drainage, which are among the greatest that confront us, and some of their roads are still in use. We are forced to admit that heretofore we have approached the problem with more regard for the needs of the hour than for the needs of centuries, but we are now face to face with the greater problem. Undoubtedly we have wasted money and labor in road construction, especially labor. The initial expenditure of labor upon high-grade roads is unquestionably greater than upon those of lower grade, but when the upkeep labor cost is added, the high-grade roads certainly represent a conservation of labor and of time, the latter a very important factor.

We are now spending nearly a billion dollars a year for roads and streets, and are wasting a great part of it. The best road that money and engineering skill can build is the cheapest road in the long run.

#### THE LABOR SITUATION

*The Bache Review* says that labor difficulties will continue to trouble American industries until employers organize as a class in the same way as labor. *The October 2 Review* says:

## Dependability in Banking Service

Dependability in banking service has always been the one recognized important factor that is demanded by the depositor of a bank in handling his funds and business problems of a financial nature.

In making your banking connection it should be done with the greatest care, and with consideration of the record and standing of the institution which invites your business, as well as the service it is able to render you.

With a record of thirty-seven years of practical banking, with resources of more than seventy million dollars,—we offer you a banking service that is broad and comprehensive in its scope and especially adapted to meet your every particular financial requirement.

## The Seaboard National Bank of the City of New York

Capital, Surplus and Profits over Five Millions

The increased strike frequency is attributed chiefly to the American Federation of Labor, incident upon its increase of membership from time to time; in other words, marked progress in membership in this body has always been accompanied by a heavy increase in number of strikes throughout the country. The Federation now has a membership of over 4,000,000. At its recent convention it announced determination to increase the enrollment to 5,000,000 during the next twelve months. This, it is claimed by observers, can only be done by calling strikes in open and non-union shops, upon demands for recognition of unionism. Comparative calculations indicate the probability of more than 110,000 strikes during the ensuing five-year period.

Those who have given the subject a large amount of thought claim that there is only one way in which this appalling increase in national economic waste, through increased strikes, can be avoided, and that is through the organization of employers themselves.

Labor is highly organized. Employers as a class have never been organized in a powerful way, though they have long intended to create such an organization.

That the decline in prices may result in unemployment, unless there is an increase in the efficiency of labor, is the

opinion of the Mechanics and Metals National Bank of New York, which states:

If an increase in efficiency does not occur to the necessary extent, and if wage reductions are strongly resisted, as they may be, then capital, which must have a living wage as well as labor, will be compelled to lay off men if it cannot make a profit paying present wages. This is already going on, and statistics compiled by the Department of Labor even as early as August showed that employment, in that month, as compared with the preceding month, had fallen off 10 per cent. in the automobile industry, 6 per cent. in woolen, and 5 in leather, hosiery and underwear, and that the payrolls showed increases in only five industries as compared with decreases in nine. When men have been for some time out of work they will be willing to accept reductions in wages; but it will be better, both for the individual worker and for the general welfare, if the present adjustment can be brought about without loss of production. Everything should be done to give the worker the full reward for his labor and for what he produces, but economic forces must affect the value of his work just as they affect the value of goods. Wages can never be independent of prices.

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$950,000

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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

A decrease in employment is noted by the Alexander Hamilton Institute, which states in a recent letter:

The Bureau of Labor reports a further decrease in employment during August, the number on the payroll in identical establishments decreasing 11 per cent. in the automobile industry and about 5 per cent. in the leather, woolen, men's clothing and hosiery and underwear concerns. It may be recalled that in July there was a decrease of 46 per cent. in woolen, 19 per cent. in car-building, and 15 per cent. in silk.

Francis H. Sisson, vice-president of the Guaranty Trust Company, in a recent address in Detroit, Mich., made a strong plea for closer co-operation in American industry. He said:

Grave danger will menace our industrial structure unless as a people we can be brought to realize that all industry, upon which is based our very existence as a nation, is in effect a partnership of labor, capital and brains, each absolutely dependent on the other two, and none capable of separate conduct of the business. They constitute the trinity of industry.

Of late years there has been a tendency to ignore the basic elements of the industrial partnership, and when that tendency has progressed to the point where one of the partners assassinates the other, as has recently occurred in Russia, the whole industrial structure collapses. So-called radical propaganda, socialistic pragmatism, and the pernicious meddling of half-baked dabblers in economics, coupled with the abysmal ignorance of the simplest laws of human relationships on the part of demagogues, has stimulated an unrest that strikes at the very roots of our national existence and welfare.

The attacks upon capital seem based on the belief that capital consists merely of money, and that those who are possessed of money can utilize it to take the place of manual labor on their part, whereas the

simple fact is that capital, in reality, consists of such things as tools, credit, money, supplies for consumption, and production material. And, consequently, the history of civilization has largely been the history of capitalization. Radical argument objects to the growth of wealth, and yet every individual who possesses strength in excess of the actual needs of the moment is possessed of wealth which can be turned to actual use to increase comfort, the standard of living, or reserve against lean periods.

Labor, capital and brains are natural partners, and in America we have rewarded that partnership as no other country has ever rewarded it. A mere glance at the condition of the American worker shows that he occupies a higher industrial place than the worker of any other country. His standard of living is far higher than that of any other worker in any other land, and his opportunity for advancement along industrial lines is untrammelled. Today labor in the United States has a first lien on all products of industry, and practically dictates its own reward. There was a time in the history of American labor when the introduction of labor-saving machinery was violently opposed, but experience and a rising standard of education has shown the truly American worker that machinery has not only raised his production capacity, conserved his energy, multiplied his potential value, but increased his reward. Yet labor alone was incapable of accomplishing such benefits for itself; they came through the co-operation of capital and labor to bring forth an industrial prosperity that is the marvel of the civilized world.

## THE CROP PROSPECTS

The National City Bank of Chicago thus summarizes the crop outlook in its October 1 letter:

The general crop outlook is about as satisfactory as anyone could expect with the reduction in planted area. A bumper corn crop is apparently in sight with the promise of



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record yields of tobacco, rice and sugar beets. The indicated yields of the cereal, fruit and vegetable crops are highly favorable. The result seems certain to be a sufficient supply of foodstuffs to materially reduce living costs. This expectation is helped also by the greater efficiency shown by the railroads and the release of an immense volume of freight tied up by the freight blockade of a few months ago. The railroads are making a good showing in raising the load line of every freight car and in extending its average journey day by day. The period of acute money market strain has emphasized as almost nothing else has the close bearing of a highly efficient transportation service upon commercial credits in general. This also is having important influence upon living costs and the burdens of doing business. With the highways of commerce as heavily congested as they have been, it has been exceptionally difficult to carry on trade, adding another burden to the wear and tear upon human resources in these days of reconstruction finance.

Shortage of labor has, of course, been a troublesome factor in agriculture for some time. One of the difficulties has been the inability to get workers to live on the farms and to resist the attrac-

tions of town and city life. For this problem, *The Americas*, published by the National City Bank of New York, advances a novel solution:

If the workers won't go to the farms, the logical course to be undertaken is to bring the farms to the workers; that is, allow them to live in the town and partake of its benefits while at the same time doing a stated day's work on the land. In many parts of the South the labor that formerly cultivated the fields has almost entirely deserted the rural districts for the towns and cities, most of the colored workers preferring greater poverty in the city than they were accustomed to in their country cabins, merely to be where there is "something doing." If it is feasible to organize and develop a cotton mill in that part of the country with the class of labor obtainable there, it is just as feasible to organize cotton or other plantations and provide means for getting the workers to and from their day's work.

In New York City, where more wage workers are employed than anywhere else in the world, it is safe to say that the average worker spends at least thirty minutes in getting to his work and the same period at night in returning home. In the average American town in an agricultural district, the same amount of time would get

farm workers from their homes in town to the land on which they were employed. Motor cars are as familiar on the farm as they are in the city, and an interesting development that has come with them has been the superseding of the small, one-room school for larger and better equipped schools to which the children are brought in motor busses. If such a system is practicable for this purpose, it would be equally so in the case of farm workers going out and returning at stated hours for the purpose of doing a day's work in the open field rather than in a shop or factory.

#### INVESTMENTS

The First Wisconsin National Bank of Milwaukee reports a growing tendency towards thrift and economy:

Some people who a few months ago were proclaiming the gospel of "work and save" seem now astonished at the fruit their words are bearing. More economizing is being done and this is reflected both in the fairly steady increasing of savings deposits and the multitude of small investors who are absorbing the issues of high-rate securities that are from time to time brought out. This is the most hopeful sign in the horizon. That which society sets aside to finance future production is only the aggregate of what millions of thrifty men, women and children set aside, also looking out for the needs of the future. "At any moment the productive capacity of society is limited by the amount of its capital, the natural riches and state of development of its land, and the number and efficiency of its population. It can always increase its productive capacity by increasing its capital, improving its land or increasing the efficiency of its population; but if it wants to use its current income for any of these purposes, it cannot use it for the satisfaction of current wants." (Clay, *Economics for the General Reader*, page 221.) Applying this principle to present-day conditions, we cannot expect to have enough credit to go around, we cannot expect goods to flow easily and quickly from producers to consumers, we cannot expect to see new industries developed, the railroads equipped to carry the commerce of the country, and a plentifulness of all the good things of life produced unless our combined saved-up capital shall be sufficient for the purpose.

On the investment situation the First and Hamilton National Bank of Fort Wayne, Ind., says:

Thirty-nine thousand investors took the French Government's \$100,000,000 loan lately placed in this country, on the theory that the certainty of an 8 per cent. income return for the next quarter century or earlier

redemption at 10 per cent. premium was genuinely inviting. Big and little investors are absorbing good securities, paying outright for what they buy. In this way the bond market is being relieved, the restoration of Europe's crippled industries is being promoted and our own productive organization is being strengthened. Several important bond issues will be announced in the near future, as the pressure for capital is very great and our markets have shown large absorptive capacity. The great railroad loans will be withheld until spring, when an ambitious program will be formulated for improving the physical condition of the transportation industry and making it as near 100 per cent. efficient as it is possible to attain in these days of difficult manufacturing conditions.

The American National Bank of San Francisco comments as follows on certain political proposals for the future of Liberty Bonds:

Some concern is being expressed, mainly by aspirants to political office, for the unfortunates who bought Liberty Bonds at par, and now see them quoted at prices from \$5 to \$15 per \$100 below their cost. It has been proposed that the various issues of Liberties be refunded into a new loan at a higher rate of interest, so that holders could realize par for them. Such a device would remedy nothing, and add a needless burden to taxpayers already overburdened. Government securities are selling at a low price now because all securities are selling low. With the return of an easier money market the bonds are likely to go to par and may sell at substantial premiums long before they mature.

#### BANKING FACTS AND FANCIES

In a weekly publication called *The Organized Farmer*, there recently appeared an attack on existing banks by Frederic Howe, his general indictment being that the local banks all over the country are controlled by the big banks of the financial centers, that the local deposits are gathered up and taken to the centers for speculation and investment, while the local industries are starved for want of banking accommodations. To quote his own language:

The industrial classes have no credit at all. And the producing classes are but little better off. There are banks enough; every small town has from one to three banks. And they are bulging with deposits. But these deposits are not available for the producing classes. They are used for something else.

# 1890-1920 OUR 30th BIRTHDAY

**I**N October, 1890—thirty years ago this month—the Fulton Trust Company of New York was founded. Ever since, it has been giving satisfactory banking and trust service to a steadily increasing clientele. In all these years it has specialized in *personal* accounts and *personal* trusts, and has developed the expertness which always follows specialization.

Under the same president for the thirty years of its history, the institution has never deviated from the aims and principles with which it started, though its methods and machinery have kept pace with the times and with the growth of the Company's business.

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In a generation's time banking has changed from a local to a national system. It has many qualities of a nation-wide monopoly. And as a result of the great war the smallest bank in the country has become a part of an international banking monopoly. It is a sucker, a feeder, a little sponge that draws to itself the resources of the country, the village or the town, which resources in turn can be used by the big exporting banks of New York.

It is the man farthest down who needs credit most. Yet the bankers will not supply it. They prefer to send their money to Wall Street; to use it to aid speculators, packers, middlemen, or for other commercial and speculative purposes. America has no banks that help the man without capital, the man with a little capital, or even the farmer in need of credit for productive purposes.

Replying to this attack is an article in *The Nation's Business*. George E. Roberts, vice-president of the National City Bank of New York, stated in part:

The 30,000 banks of the United States are owned in the communities where they are located, and usually by numerous stock-

holders. Each corporate bank has a board of directors of from half a dozen to two dozen members, who will certainly average to be as public-spirited citizens as others in the locality. It is a strange theory which represents these institutions as uniformly following policies injurious to local interests. It is an abnormal idea, repugnant and untrue.

It would be a mistake, however, not to recognize that the constant outpouring of such misrepresentations has harmful effects. It is the kind of writing which sets the world awry. Modern society is essentially and necessarily co-operative, and co-operation depends upon good understanding, good feeling and mutual confidence.

Such writing inspires distrust and creates friction. It is like throwing sand into the bearings of machinery. The injury to bankers is a small matter in itself, but the result is to lower the effectiveness of the entire social organization, to decrease production and retard social progress, and the people who will be most helped by social progress are the chief sufferers.

It is not to be expected that perfect harmony will exist in human affairs, or that any of our institutions or methods will be above legitimate criticism, but the Howe articles are not criticism.

# Why Is Noise An Expense?

The average office worker is so constituted that the working conditions determine to a considerable extent the quantity and quality of his work. Because of this, it is essential that due consideration be given to the question of lighting, ventilation and NOISE.

NOISE is a continual source of distraction. Frequently the resultant inefficiency is not fully realized until contrasted with conditions after the noise has been removed. Chains of thought are being broken; calculations must be repeated; stenographers must read their outlines again, etc., etc.

NOISE makes it difficult to concentrate. A large percentage of the errors that occur are caused by noise. The effort required to concentrate under such conditions is fatiguing. Under quiet conditions this energy can be conserved resulting in increased productive capacity.

NOISE makes telephoning unpleasant. It is frequently necessary to go to another room or to stop work in the vicinity.

NOISE is a disagreeable interference with interviewing.

There is no necessity for excessive noise, wrecking the nerves of the employees, injuring their health and efficiency, with resultant loss to all concerned.

NO-NOIS TREATMENT placed on the ceiling of a noisy room reduces the noise approximately 70%.

Write for descriptive booklet.

**JUNIUS H. STONE**  
1400 Broadway, New York City

Atlanta  
Boston  
Buffalo

Baltimore  
Chicago  
Cleveland

Los Angeles  
Minneapolis  
Philadelphia

# Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland  
and the District of Columbia

## BANK OF THE MANHATTAN COMPANY

In its quarterly report to the Superintendent of Banks, as of September 30, 1920, the Bank of the Manhattan Company showed total resources of \$244,100,630.03 and deposits of \$188,397,659.16. Loans and discounts secured by bond and mortgage, deed or other real estate collateral were \$399,300.67; loans and discounts secured by other collateral were \$35,033,696.40; loans, discounts and bills purchased, not secured by collateral, were \$81,777,336.38.

This bank has a capital stock of \$5,000,000; surplus fund of \$12,500,000, and undivided profits of \$3,699,089.84.

## ATLANTIC HAS TRUST DEPARTMENT

The Atlantic National Bank of New York has established a trust department and has been authorized to perform all fiduciary services.

## SOME RECENT GUARANTY APPOINTMENTS

At a meeting of the executive committee of the board of directors on October 4, Edward Barker Horne, new business department representative in Boston; Benjamin Franklin Russell, of the city sales division of the new business department, and James Irving Bush, Chicago correspondent, were appointed assistant secretaries of the Guaranty Trust Company of New York.

## BOUDINOT ATTERBURY

Boudinot Atterbury has been appointed manager of the securities department of the Guaranty Trust Company of New York.

## NOVEL FEATURE AT THE ELECTRICAL SHOW

One of the unusual features at the recent New York Electrical show was the exhibit made by the United States Mortgage and Trust Company. This was a booth representing a section of the bank in miniature, where its representatives were in attendance

at all times to render to exhibitors and depositors such banking assistance as they might require.

## E. F. McMANUS

Edward F. McManus, of the banking firm of Lawrence Turnure & Co., has been elected a director of the Corn Exchange Bank. Mr. McManus is a trustee of the Emigrant Industrial Savings Bank and a director of the New York Dock Company.

## THE GUARANTY COMPANY

The Guaranty Company of New York, which was recently incorporated to take over the business and organization of the bond department of the Guaranty Trust Company of New York, began business October 1. The main office of the company is at 140 Broadway and there are twenty-eight branch offices throughout the country. The separation of the activities of the Guaranty Trust Company is one of organization only, the entire capital stock of the new company being owned by the trust company. The character of business, policy and management of the new company will be identical with that of its predecessor, the bond department of the Guaranty Trust Company of New York. The board of directors of the Guaranty Company is composed of present and former officers of the Guaranty Trust Company. They are Alexander J. Hemphill, Charles H. Sabin, Albert Breton, Merrel P. Callaway, W. Palen Conway, Harold F. Greene, J. L. O'Neill, Francis H. Sisson, Harold Stanley, Eugene W. Stetson and Joseph R. Swan.

Mr. Sabin, president of the Guaranty Trust Company, is president of the new company, and the other officers are: Vice-presidents, Harold Stanley, Joseph R. Swan, Harold F. Greene, George L. Burr, Alden S. Blodget, Gilbert E. Jones, Hamilton Candee, Burnett Walker, John R. Kimball, Henry C. Ward, Clayton F. Banks and Frank Kennedy; assistant vice-presidents, R. E. Whittlesey, James Rattray, Boudinot Atterbury, John Grimm, Jr., and Alfred Shriver; secretary, W. R. Nelson; treasurer, Kenneth Ward Smith; assistant secretary,



HE Old Lowell National Bank at Lowell, Mass., is older than the city, but its building is modern and up-to-date in every way. It was planned by

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

501 American Trust Building, Cleveland, Ohio

Harry V. Babcock; assistant treasurers, Wm. M. Fallon, Jr., Charles H. White and William H. Coulson.

#### FOREIGN CREDIT CORPORATION

At the annual meeting of the board of directors of the Foreign Credit Corporation, Albert Breton, president, reported that the net earnings of the corporation for the twelve months ended September 18, 1920, after deducting reserves for taxes, interest, etc., amounted to \$558,640.81, which is in excess of 11 per cent. on the capital.

Theodore G. Smith, vice-president of the Central Union Trust Company, was elected a director of the Foreign Credit Corporation; E. L. Sylvester, credit manager, was elected assistant treasurer of the corporation.

#### WILLIAM E. PAINE A DIRECTOR

William E. Paine was elected a director of the Seaboard National Bank, New York City, September 23, to fill a vacancy on that board.

Mr. Paine has been a trustee of the Equitable Life Assurance Society for many years and is prominently identified with many other activities in this city.

#### HONOR BANK'S BALL PLAYERS

At a meeting of the Old Bank Club of the National Newark and Essex Banking Company of Newark, N. J., Spencer S. Marsh, vice-president and cashier of the bank, presented gold watch-fobs to the members of the bank's baseball team in recognition of their prowess in having won the pennant in the Bankers' and Insurance League.

#### TEXTILE BANKING COMPANY

At the regular meeting of the board of directors held recently, Textile Banking Company, Inc., declared a third quarterly dividend of 2 per cent. for quarter ending September 30, payable October 1 to stockholders of record September 28.

#### THOMAS ALLEN MOORE

At a meeting of the executive committee of the board of directors, held on September 27, Thomas Allen Moore was appointed an assistant trust officer of the Guaranty Trust Company of New York.

Mr. Moore entered the employ of the Guaranty Trust Company as a member of the new business department. He was transferred to the trust department about three months ago.

## Resources

# \$18,000,000.00

Send us your Buffalo  
business



for Direct Service

## Try Us

and you will be entirely  
satisfied

A. D. BISSELL, Chmn. of Board

HOWARD BISSELL, President

C. R. HUNTLEY, Vice-Pres.

E. H. HUTCHINSON, Vice-Pres.

E. J. NEWELL, Vice-Pres.

C. G. FEIL, Cashier

A. J. ALLARD, Asst. Cashier

G. H. BANGERT, Asst. Cashier

GEO. ULRICH, Asst. Cashier

C. H. FITCH, Asst. Cashier

W. G. WILCOX, Auditor

### Trust Department

CHAS. W. CARY, Trust Officer

Member Federal Reserve System



**T**HIS modern safe deposit vault is in the uptown branch of the New York Trust Company, 57th Street and Fifth Avenue. It is a good example of the highest type of vault construction, and was designed and built by

## **Herring-Hall-Marvin Safe Co.**

**400 Broadway      New York, N. Y.**

**Boston      Chicago      Birmingham      San Francisco**

Factories and General Sales Office  
**HAMILTON, OHIO**



### GARDNER B. PERRY RECEIVES NEW APPOINTMENT

Gardner B. Perry, president of the American Institute of Banking and formerly vice-president of the National Commercial Bank and Trust Company of Albany, has been elected an officer of the American Trading Company of New York.

Mr. Perry, who has long been identified with leading banking institutions, and whose close association with the development of the American Institute of Banking has made him one of the well-known figures in financial circles, has traveled extensively in Latin America and Europe, studying foreign financial and trade conditions.

In 1912 he entered the service of the National Commercial Bank of Albany, acting as secretary to Mr. Pruyn, president of that institution. Upon the consolidation of the bank as the National Commercial Bank and Trust Company, he was elected a vice-president.

The American Trading Company, of which he became vice-president and treasurer on October 1, is one of the largest international trading houses in the world, with branches in every important city of Europe, China, Japan, the East Indies, Australia, South America and Central America.

### GASTON, WILLIAMS & WIGMORE MOVE

Gaston, Williams & Wigmore, Inc., have moved from 39 Broadway to 100 West 41st street, New York.

### THE IRVING'S LINCOLN OFFICE

Announcement has been made by the Irving National Bank of New York of the officers and advisory board members of its new Lincoln office, East 42d street, opposite the Grand Central Terminal. The officers are: Charles Elliot Warren, vice-president; David C. Grant and John S. Sammis, assistant vice-presidents; Henry E. Stubing, Edward L. Bishop and Thomas Kenworthy, assistant cashiers, and Franklin Lawrence Babcock, assistant trust officer. The advisory board is composed of Lewis E. Pierson, chairman of the Irving board; Harry E. Ward, president; Charles Elliot Warren, vice-president; James A. Cobb, vice-president of the Abercrombie & Fitch Co.; Henry Fletcher, chairman of the Swan & Finch Co.; William S. Hawk, trustee of the Hawk estate; Harry J. Luce, president of Acker, Merrall & Condit Co.; Eben E. Olcott, president of the Hudson River Day Line Co.;



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### Bankers Protective Appliance Corporation

5 Columbus Circle  
New York



The Proposed New Building of S. W. Straus & Co., New York, which will shortly be erected on Fifth Avenue

Stanley Resor, president of J. Walter Thompson Co., and Daniel W. Whitmore, of D. W. Whitmore & Company.

#### KENNETH D. HULL

Kenneth D. Hull has been appointed an assistant secretary of the Fidelity-International Trust Company. Mr. Hull is to be in charge of the new business department of the branch of the company to be opened shortly at 110 William street.

#### RESERVE BANK VACANCIES

The New York State Bankers' Association has appointed a committee to select nominees for the two vacancies which will occur in the board of directors of the New York Federal Reserve Bank at the end of

this year. The committee is composed of Howard Bissell, president of the People's Bank of Buffalo; William Woodward, president of the Hanover National Bank of New York; D. E. McKinstry, president of the Highland National Bank of Newburgh; J. F. Day, president of the Utica Trust Company, Utica, and Edward Allen, president of the Second National Bank of Cortland. The Connecticut Bankers' Association has appointed E. S. Wolfe, president of the First Bridgeport National Bank, and the New Jersey Bankers' Association has appointed C. L. Farrell, president of the National Newark and Essex Banking Corporation, to act with the New York committee.

The two vacancies which will occur December 31, next, will be due to the expiration of the terms of Robert H. Treman, a Class A director, and Richard H. Williams,



*Write us for the interesting booklets in which The Bankers Magazine tells what the Collins Service is doing for clients.*

## *They Will Come To The Bank*

When they know what the bank can do for them.

Many a man whose hard earned dollars have swelled the pockets of the "investment wizard" would be a happier man today if he had first consulted a banker.

And many profitable accounts result for the banker whose position in the community invites consultation.

These profitable accounts can be yours. Use Collins methods to establish your bank in the confidence of your community and show the people what it can mean to them.

# The Collins Service

PHILADELPHIA      PENNSYLVANIA

a Class B director. Mr. Treman will have served his full term, while Mr. Williams was elected in May last to fill the unexpired term of William B. Thompson, who resigned at that time. The election will take place the latter part of November.

### FIDELITY-INTERNATIONAL OPENS BRANCH

The William street branch of the Fidelity-International Trust Company has been opened at 110 William street, on the northeast corner of William and John streets.

Vice-president Charles E. Blackford, Jr., is in charge, and Assistant Secretary Kenneth D. Hull is managing the new business department.

The new branch is on the exact site of the historic Battle of Golden Hill, in which, on January 18, 1770, the first blood of the Revolution was shed during a street fight between soldiers of the Twenty-seventh English Regiment and "Sons of Liberty," following the cutting down of a Liberty Pole; and a tablet to commemorate this notable incident is to be placed on the outer wall of the new branch.

Vice-president Charles E. Blackford, Jr.,



CHARLES E. BLACKFORD, Jr.

Vice-President Fidelity International Trust Co., and in charge of the newly opened William Street Branch,

who has charge of the Fidelity-International's William street branch, began his business career with the Bedford Bank of Brooklyn in 1901. This bank is now the



**T**HIS BANK offers complete facilities for the transaction of every kind of banking business.

*Collections made promptly and on favorable terms on every part of the world*

Foreign Exchange Bought and Sold

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*Correspondence and inquiries invited*

Capital - \$3,000,000  
Surplus and Profits - 8,000,000

E. F. SHANBACKER  
*President*

The  
**FOURTH STREET  
NATIONAL BANK**  
Philadelphia

Bedford branch of the People's Trust Company of Brooklyn. In 1902 he joined the Chemical National Bank of New York, and left their employ in 1915 to accept an appointment as a state bank examiner with the banking department of the State of New York. He resigned to accept a position as vice-president and director of the People's Trust and Guaranty Company, Hackensack, N. J. In 1918 he became vice-president and cashier of the International Bank of New York, which was recently merged with the Fidelity Trust Company.

He is also a director of the People's Trust and Guaranty Company, Hackensack, N. J.; Ridgefield Park Trust Company, Ridgefield, N. J.; the Bank of Bogota, Bogota, N. J., and the Reserve Resources Corporation of New York.

Mr. Blackford graduated from the Brooklyn Law School in 1912 and received the degree "L. L. B." from St. Lawrence University. He was admitted to the bar of the State of New York as an attorney and counsellor of law.

#### NEW FRENCH LOAN

The Guaranty Company of New York has announced that as subscription agent for the French Government it is prepared to receive subscriptions to the new Republic of France 6 per cent. National Loan of 1920. The bonds offered in the United States are a part of the National Loan offered in France at the same time. The bonds, which will be a direct obligation of the French Republic, will have no maturity date, but will not be subject to redemption before January 1, 1931. On and after that date the bonds may, at the option of the French Government, be redeemed at par or converted into bonds bearing a lower rate of interest; if the French Government should decide so to convert them or to modify the conditions under which they were issued, the holders will be entitled to receive payment for their bonds at par. The bonds are payable in France, free of all French taxes.

Subscriptions entered in the United States will be payable in full, in dollars, at the time of subscription. Each day the price in dollars will be based upon the prevailing rate of exchange of the previous day, as fixed by the French Finance Commission.

In order to simplify the collection of all payments arrangements have been made whereby bonds may be held in custody at the Paris office of the Guaranty Trust Com-

# Equipped for Service



**L**OCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions

## Union National Bank

PHILADELPHIA

Resources over . . . . \$25,000,000

pany of New York, and the amounts collected remitted by check to the holder, in francs or in dollars at the current rate of exchange, or deposited to the account he may have with the Paris office.

### CHASE APPOINTMENTS

At a regular meeting of the board of directors of the Chase National Bank, held October 13, 1920, Alfred C. Andrews and Robert I. Barr were elected vice-presidents. Mr. Andrews was formerly cashier of the bank and Mr. Barr is a vice-president of Chase Securities Corporation. Edwin A. Lee, William E. Purdy, George H. Saylor, and M. Hadden Howell, formerly assistant cashiers, were elected assistant vice-presidents. William P. Holly, formerly assistant cashier, was elected cashier. Martin I. L. Henry was elected auditor

W. A. HARRIMAN & CO., INC.

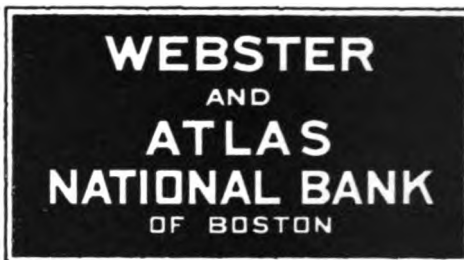
W. A. Harriman & Co., Inc., 120 Broadway, and Morton & Co, Inc., 25 Broad Street, announced October 18 the merger of their business under the name

of W. A. Harriman & Co., Inc., with offices at 25 Broad Street, New York. In addition to conducting a general business for the underwriting and distributing of new issues of securities, the company thus formed will undertake marine financing.

The officers of the company are W. Averell Harriman, chairman of the board; G. H. Walker, president; J. D. Sawyer, vice-president; W. J. Sturgis, vice-president; and Wilbur F. Holt, secretary and treasurer. The directors are as follows: Frederick B. Adams, Eugene G. Grace, E. Roland Harriman, W. Averell Harriman, Wilbur F. Holt, Elton Hoyt, 2nd, Henry Lock-

<b>Citizens' National Bank</b>	
(Chartered 1890)	
ENGLEWOOD, N. J.	
Capital .....	\$50,000.00
Surplus and Undivided .....	168,720.00
Profits .....	1,978,870.00
Deposits .....	1,978,870.00
Albert L. Drayton, Pres.	
E. E. Campbell, Vice-Pres.	
J. B. Lewis, Cashier.	
Collections solicited. Remittance on day of payment at lowest rates. Send us your business.	

For  
**Boston Notes  
 and Drafts**



We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

**Credit Service**

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

**A Strong Bank of Dependable Service**

Established 1833

Capital, Surplus and Profits	. . .	\$2,700,000
Average Deposits, about	. . .	12,000,000

<i>President</i>	<i>Vice-Presidents</i>	<i>Cashier</i>
AMORY ELIOT	RAYMOND B. COX    EDWARD M. HOWLAND JOSEPH L. FOSTER	JOSEPH L. FOSTER

hart, Jr., William C. Potter, Samuel F. Pryor, R. H. M. Robinson, Percy A. Rockefeller, J. D. Sawyer, Harold Stanley, Eugene W. Stetson, Joseph R. Swan, Joseph E. Uihlein, G. H. Walker, Malcolm D. Whitman.

**NATIONAL BANK OF COMMERCE IN  
 NEW YORK ENLARGES OFFICERS'  
 QUARTERS**

New quarters for senior officers of the National Bank of Commerce in New York were opened October 18. They are on the second floor of the former Postal Life Building at 35 Nassau Street, purchased by the bank early last year to provide room for expansion and now occupied jointly with its building at 31 Nassau Street. The bank entrance, as formerly, is at 31 Nassau Street.

With this addition the space devoted to the officers of the bank and to the reception of its customers extends over an entire floor of the consolidated buildings, running from Cedar to Liberty Streets. In addition to space occupied in the building at 31 Nassau Street, the bank now uses

three floors of 35 Nassau Street and further construction is under way which will afford additional space by connecting the two structures.

**JAMES RATTRAY RECEIVES  
 MERITED PROMOTION**

Members of the American Institute of Banking throughout the country will be glad to learn of the election of James Rattray as an assistant vice-president of the Guaranty Company of New York, which was organized to handle the business of the bond department of the Guaranty Trust Company of New York.

Mr. Rattray has been identified with Institute activities for a number of years. He was formerly president of the Buffalo chapter; he has served on the executive council of the A. I. B., and at the present time is a member of the board of governors of the New York chapter. Mr. Rattray has been an instructor in the educational classes conducted by both the Buffalo and New York chapters, and has also lectured at Columbia University.

# New England States

## BOSTON BANKING SITUATION

**I**N the city of Boston, within a very short space of time, five banks, chartered by the Commonwealth of Massachusetts, have been closed by the State Bank Commissioner, and certain other banks have invoked the aid of the ninety-day law. The situation has, unfortunately, been seized upon by alarmists, and all sorts of rumors, theories and criticisms have been sent broadcast. It is time for a few words of fact.

The banks of Boston—the real banks—are stronger today than ever before. At no time during the recent flurry were they even threatened. Deposits withdrawn during the runs on the banks, which have since been closed, have been turned in, in huge amounts, to the older, substantial, conservative banks whose very conservatism was made a target by some of the banks that have been closed.

Coming on top of the Ponzi scandal, this closing of banking institutions has been connected by rumor to that unsavory mess. It has also been attributed to the efforts of a mythical "powerful bank ring" to "squeeze out the small banks." Neither of these lines of reasoning leads to the real, fundamental cause of the trouble. Careful observers, both in and out of banking circles, have long expressed the belief that the fault lay in the method of granting bank charters to groups of men who were not fitted by training or experience to enter the highly specialized field of banking. The *Banker and Tradesman* of Boston takes this view and says in an article devoted to an analysis of the situation:

"With no desire to be critical, and after a careful survey of the situation, we are forced to the conclusion that the fundamental weakness in the banking situation goes back several years, and has its root in the method of granting bank charters. In the recent past there has been much publicity to enlist support of this or that 'group' in the formation of a new bank. The arguments advanced were that this or that group—it might have been builders, real estate men, foreigners or any others—were not adequately taken care of by the existing banks and 'needed a bank of their own,' run by men who 'understood the needs' of that particular group. These claims proved powerful arguments, and charters were granted to groups who, however thorough their knowledge of that group's business might be, unfor-

tunately knew comparatively little about banking. Events of the past two years have called for the very best skill and training in banking circles; they have called for conservatism in the face of a popular demand for an abandonment of conservatism; they have called for moderate rates of interest where the 'people' were told by less far-sighted 'bankers' that rates should go up and up. The crash was inevitable—so absolutely inevitable that experienced bankers long ago predicted just what has come to pass. It is all history now. What has been the net result? Weak spots have been eliminated, the public has a clearer conception of what sound banking really is, banks that were derided for their 'conservatism' by some of the 'groups' are receiving great volumes of deposits which were drawn from some of the 'deriders,' and the banking machinery in Boston is in better working order than ever to face the complicated problems of the radical readjustments that are taking place in business, prices and credits."

New England business is feeling its way cautiously but with confidence toward stable conditions. There is marked uncertainty in all buying operations, as it is felt that radical readjustments in prices have started, and no one can as yet foretell just how far or how fast they will go. However, as we have said before, New England manufactures essentials for the most part, and New England's confidence is based on the definite knowledge that these essentials are and will be in tremendous demand. Just now the demand is for supplying immediate needs only, but as soon as price readjustments are accomplished this demand will be augmented by a tremendous re-stocking movement. Just now the consumers are buying in good volume, but with discrimination, and are seeking "bargains." New fall goods have not been priced as low as the public had been led to expect by the stiff slashing of late summer prices, and it cannot yet be told just how the public is going to react to these fall prices. It seems certain, how-

### Park Trust Company

Park Building, 511 Main Street  
WORCESTER, MASS.

Capital ..... \$300,000

Surplus and Earnings ..... 170,530

Ralph H. Mann, President  
J. Lewis Ellsworth, Vice-Pres. and Treas.  
George E. Duffy, Vice-President.  
Frederick J. Bye, Assistant Treasurer.  
Send us your Massachusetts collections.



## **Deposit-Building Service for Banks**

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

## **The Merchants National Bank of Boston**

ever, that price cutting will continue in most lines.

Prices in the wool market have dropped slightly, but large deals are few and far

between, as the mills are buying close to needs and much wool is being sent out on consignment. The trade is more optimistic than for some time, however, and is watching the reception of the new prices on finished goods by the consumers as a guide to the future of prices for the raw materials.

The big leather tanneries are operating on a greatly curtailed basis, some of them running only to 35 per cent. of capacity. Prices show a downward tendency, dealers are still well stocked, the export demand is rather light, and, in general, the trade is marking time.

The boot and shoe industry is very quiet and has not yet recovered from the heavy cancellations of orders during the spring and early summer. Prices show a tendency to decline a bit, and dealers are wary about stocking up.

Real estate is still very active, but the "bloom is off" the tremendous movement that marked the early spring and summer, and business is assuming a more normal aspect. New England, like the rest of the country, is suffering greatly from a shortage of houses, and during the spring and summer anything that looked like a home found a market at a greatly inflated value. The banks have handled the situation admirably, however, and have not been misled by the fictitious values placed on properties on which mortgages were sought. There has been a good supply of mortgage money right along, at rates running from 6 to 7 per cent., and the banks have valued properties with a full appreciation of their real values, rather than the fictitious values created by the abnormal conditions. The build-

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Conditions Issued Every Two Weeks Sent Upon Request

ing industry is quiet, but prices for building materials are dropping sharply and may bring about a renewal of activity if the labor market is not allowed to complicate things again. Wages in the building industry have passed the point of reasonableness and there must be a revision if there is to be any real revival of building activity. This revision is likely to come this winter.

The general labor situation in New England shows considerable improvement. The closing of mills for lack of orders and the



AMORY ELIOT

Chairman of the Board, Webster and Atlas  
National Bank of Boston



RAYMOND B. COX

President, Webster and Atlas National  
Bank of Boston

placing of others on part time have created a feeling that the times are not propitious for the pressing of further wage demands.



### WEBSTER AND ATLAS CHANGES

The directors of the Webster and Atlas National Bank of Boston announce the election of Amory Eliot as chairman of the board and Raymond B. Cox as president, both changes effective November 1. The

## The Corporation Manual

Twenty-first Edition—1920

A Handy Reference Book of 2421 Pages Clearly Printed on Good Quality Paper—Strong Buckram Binding. A Systematic Arrangement of the Statutes Affecting: Both Foreign and Domestic Business Corporations; The Uniform Stock Transfer Act; The Blue Sky Laws; The Anti-Trust Laws; Forms and Precedents.

**United States Corporation Company**

65 Cedar Street, New York

Webster and Atlas is one of the oldest banks in Boston and represents preeminently the old New England spirit. The directors recently declared a dividend of 5 per cent., payable October 1 to stockholders of record September 21. This is an increase from an 8 per cent. to a 10 per cent. annual basis.

### EDWARD W. SUPPLE

Edward W. Supple has been appointed assistant manager of the foreign department of the Merchants National Bank of Boston. Mr. Supple joined the foreign department of the Merchants soon after it was organized. He has been in charge of its foreign trade service.

### NEW PILGRIM HALF DOLLARS

The directors of the Mint have issued the new Pilgrim memorial coins which are to commemorate the tercentenary of the landing of the Pilgrims at Plymouth, Mass. The coins will be known as the "Pilgrim half dollars," and bear upon one side the head of a typical Pilgrim, to be designated "Governor Bradford," and, on the reverse side, a view of the ship "Mayflower" under full sail.

The National Shawmut Bank of Boston has been designated as the distributing agents for the coins, and will furnish them to banks throughout the country. Persons desiring to procure these coins should make application to their local banks.

The price of the coins has been fixed at \$1 each. It is intended that any balance left over, after deducting the cost of dies, minting charges, etc., will be turned over to the Pilgrim Tercentenary Commission, which commission is the official state body having in charge the improvement of Plymouth Harbor and permanent memorials at Plymouth.

### INDUSTRIAL TRUST CO., PROVIDENCE

The September 8 statement of the Industrial Trust Co. of Providence shows total assets of \$88,415,284.30, with capital, surplus and profits of over \$8,000,000; investments in United States bonds and certificates of indebtedness of nearly \$10,000,000, and call loans due from banks and cash of more than \$20,000,000. The deposits on that date were about \$77,500,000. Under the management of Elmer F. Seabury, vice-president, a bond department has been inaugurated recently.

### BEACON TRUST CO., BOSTON

As soon as present leases expire, two years hence, the Beacon Trust Co. of Boston will remodel the building at 31 Milk street for its banking rooms. Modern and complete safe deposit vaults will be installed in the basement of the building, and the first and second floors will be occupied by the banking rooms and other departments. The upper floors will be rented for office purposes. It is expected that \$250,000 will be expended on the improvements, which will give the company largely increased accommodations.



# Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

## FINANCING OF SOUTHERN CROPS

Over the signature of its president, John M. Miller, the First National Bank of Richmond, sent out the following letter on September 27:

In view of the financial conditions at this time and the circumstances surrounding the cotton and tobacco crops, it will be necessary for all of the banks throughout the cotton and tobacco sections, as well as the correspondents of those banks, to give most careful consideration to the orderly and intelligent handling of the situation.

A very large volume of money has been invested in the making of the two crops, and the prices obtaining at this time are considerably less than was anticipated when the crops were being made.

The low price of foreign exchange, together with the inability of the foreign buyers to pay for their customary requirements of the two crops, naturally results in a smaller demand than usual, and, in consequence, lower prices.

The world will need our cotton and tobacco, but it appears unable to buy and pay for it just now. It would seem, therefore, that both cotton and tobacco should be marketed gradually rather than be forced in great volumes on a market unable to comfortably absorb it at fair prices.

Maturing obligations must be promptly met in order to keep the wheels of commerce turning. Sacrifices, if necessary, must be made to accomplish this. Only in this way will it be practicable for the banks of the cotton and tobacco sections and their correspondents to continue furnishing accommodations in satisfactory manner. If notes and accounts are met promptly, the banks referred to will doubtless be in position to loan back to the respective communities considerable sums with which to carry cotton and tobacco in reasonable quantities for a reasonable time and for a reasonable price. It is manifest that these commodities cannot be carried for an unreasonable time. Along in February and March, the bulk of these carried commodities must be disposed of in order that the banks mentioned may collect and be prepared to re-loan to the respective communities during the spring and summer months for the making of the 1921 crops.

We have heard much criticism from various sources of the Federal Reserve Banks. Nearly all of it, we think, is based on misinformation. Under our old banking laws national banks were prohibited from borrowing by bills payable and rediscounts an amount in excess of their capital and surplus combined, while under our present Federal Reserve laws many banks are borrowing from two to five times their combined capital and surplus. This liberality has been brought about by the Federal Reserve System.

The South has borrowed more liberally from the Federal Reserve banks than any other section. On September 17 the Federal Reserve Banks of Dallas, Atlanta, Richmond, St. Louis and Kansas City—all dealing very largely with

the cotton and tobacco sections of our country—were borrowing \$147,000,000 from the Federal Reserve Banks of Boston, Philadelphia, Cleveland and San Francisco, showing conclusively that the Federal Reserve Banks of the South and Southwest were not only loaning to their member banks all of their own loanable funds, but, in addition, \$147,000,000 of money from the other sections named.

Certainly the South has been treated with the greatest liberality. We feel the South should realize that a period of adjustment of prices is at hand and promptly address itself to hard and intelligent work and greater economy, to meet the conditions confronting it.

## RICHMOND'S FUTURE

The September letter of the American National Bank of Richmond states:

"Financially, commercially, industrially, geographically and historically, Richmond is



*The Branch*  
Our First President

## Merchants National Bank

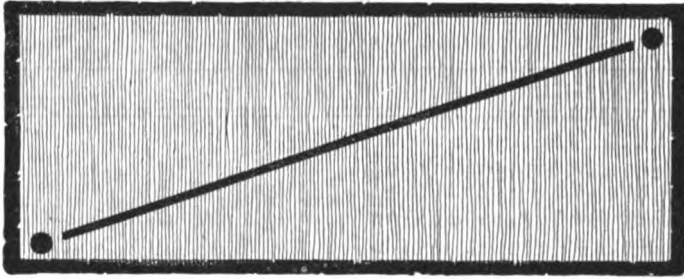
RICHMOND, VA.

Capital . . . . \$400,000  
Surplus and Profits over 1,750,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**



## The Underwood Straight-Line-Plan For Bank Building

First and foremost, Underwood comes to you with no hard and fast contract.

The Straight-Line-Plan of contract, is that contract which best meets in the straightest, most expeditious way, the individual conditions of each individual bank.

The architect may be of the bank's own selection; or a properly qualified architect selected by us.

Either way, your architect will have the full co-operative advantage of our expert knowledge as bank builders.

Furthermore, we will do for you just the construction work. Or the equipment. Or both.

In short, we want to do that part of the work which sound sense, combined with figure facts, prompts the committee to feel is to the bank's advantage.

The "pay-as-you-go" feature of the Underwood Plan you will welcome.

Send for figure facts.



*Underwood Contracting Corporation*

Canal Bank Building  
New Orleans, La.

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President  
SUMMERFIELD BALDWIN, Vice-President  
PAUL A. SEEGER, Vice-Pres. CLINTON G. MORGAN, Vice-Pres.  
JOSEPH W. LEFFLER, Cashier WILLIAM R. WEBB, Asst. Cash.

the most important city of the South between Baltimore and New Orleans, and the next ten years will see her abreast of, if not surpassing, these two cities in her manufacturing, industries and wealth."

### NEW DIRECTOR FOR SECURITY NATIONAL

F. F. McNeny was elected a director of the Security National Bank of Dallas recently. He is also connected with the firm of McNeny & McNeny, real estate and investments.

### CANAL-COMMERCIAL INCREASES SURPLUS

The Canal-Commercial Trust and Savings Bank of New Orleans has increased its surplus from \$1,500,000 to \$2,000,000, making its capital and surplus \$6,000,000. The Canal-Commercial National Bank has increased its surplus from \$750,000 to \$1,000,000, making capital and surplus \$1,500,000.

The combined capital and surplus of the Canal-Commercial Banks of New Orleans is now \$7,500,000, and combined total resources are over \$90,000,000.

### TEXAS BANK HAS REMARKABLE DEVELOPMENT

The National Bank of Commerce of Fort Worth, Texas, which recently celebrated its first anniversary, showed in its statement of September 8 total resources of \$9,890,323.60 and deposits of \$5,002,731.22. The bank has more than 5,000 accounts on its books, a remarkable record for the first year of its history. The bank will shortly move into permanent quarters in the twenty-story Waggoner Building.

### Bank of Charleston N. B. A.

CHARLESTON, S. C.

Capital ..... \$ 500,000  
Surplus and Profits ..... 800,000  
Resources ..... 15,000,000

E. H. Pringle, Pres.  
E. H. Pringle, Jr., Vice-Pres.  
R. S. Small, Vice-Pres.  
A. R. LaCoate, Vice-Pres.  
G. W. Walker, Cashier.  
J. H. Lucas, Assistant Cashier.  
C. N. Fishburne, Asst. Cashier.  
Special attention given to city collections.  
Drafts on Charleston drawn with exchange remitted without charge.

# H. M. WEBSTER & COMPANY

25 West 43rd Street, New York City

Public Accountants - Auditors - Production Engineers

AUDITS - SYSTEMS - TAX SERVICE

FINANCIAL AND PRODUCTION MANAGEMENT

THE accuracy and efficiency of modern accountancy as interpreted by the banker is founded mainly on three conditions: definite basic knowledge, broad experience and flexible adaptability to all immediate needs.

During a long period of successful accounting and auditing, associated with all forms of business, the executives of this company have substantially attained to these prescriptions. Consequently their reports actually yield information of a real and trustworthy value to the banker.

Telephone—Vanderbilt 1908

## THE FINANCING OF COTTON

The Hibernia Bank and Trust Company of New Orleans has issued in booklet form, "The Financing of Cotton," by G. Livingston Wooley, manager of the bank's credit department. It contains much useful information on this important subject.

## CITIZENS NATIONAL BANK OF BALTIMORE

On September 8, 1920, the Citizens National Bank of Baltimore had total resources of \$33,902,303.30 and deposits of \$20,986,778.80. This bank has a capital of \$2,000,000 and surplus and profits (net) of \$5,998,262.79. Officers are as follows: Chair-

dent, Albert D. Graham; vice-presidents, man of the board, Wm. H. O'Connell; president, Edward L. Robinson and Edward J. Lucke; cashier, Joseph Oberle; assistant cashiers, Frank M. Dushane, Charles K. Mann and Harry E. Ford.

The recent growth of this bank is shown by the following comparative tables:

CAPITAL RESOURCES AS OF JUNE 30, 1920	
Capital .....	\$1,000,000
Surplus .....	2,000,000
Undivided Profits .....	800,000
<b>Total .....</b>	<b>\$3,800,000</b>
CAPITAL RESOURCES AS OF AUGUST 21, 1920	
Capital .....	\$2,000,000
Surplus .....	5,000,000
Undivided Profits .....	1,000,000
<b>Total .....</b>	<b>\$8,000,000</b>

## Atlantic Savings Bank

CHARLESTON, S. C.

Capital .....

Surplus and Undivided Profits .....

Deposits over .....

Henry Schachte, Pres.  
J. H. Jahns, Vice-Pres.  
Walter Willman, Cashier.  
A. C. Koster, Assistant Cashier.

## W. R. Rison Banking Co.

HUNTSVILLE, ALA.

Capital .....

Surplus and Undivided Profits .....

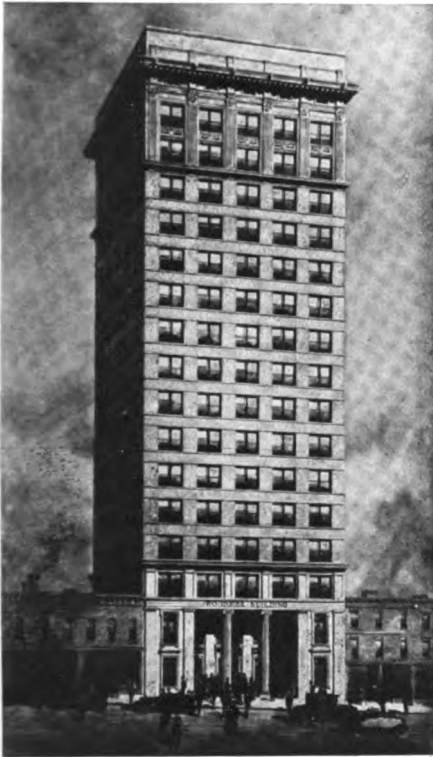
A. L. Rison, Pres.  
Harry M. Rhett, Cash.

Collections will receive prompt attention and be remitted for on day of payment.  
Established 1886.

DEATH OF JOSEPH S. GILLESPIE

The Bluefield National Bank of Bluefield, West Virginia, has announced the death of Joseph S. Gillespie, a director of the bank and its first president.

**Opelousas National Bank**  
 OPELOUSAS, LA.  
 Capital .....\$50,000  
 Surplus and Undivided Prof-  
 its .....106,300  
 E. B. Dubulsson, Pres.  
 C. L. Dupre, Vice-Pres.  
 Chas. F. Boagni, Vice-Pres.  
 A. Leon Dupre, Cashier.  
 M. J. Pulford, Assistant Cashier.  
 Charter No. 6920. Began business October  
 1, 1903. Collections solicited.



The seventeen-story office building illustrated above will shortly be erected for the Woodside National Bank of Greenville, S. C.

LOUISIANA FURS

The Hibernia Bank and Trust Company of New Orleans gives the following interesting facts about Louisiana fur production in a recently issued pamphlet:

The climate of Louisiana may well be called one of its great natural resources. A great diversity of plant life, which includes the pine of the Far North and the palm of the tropics, is accompanied by a great diversity of animal life—and Louisiana, generally thought of as a semi-tropical, cotton-producing state, is also a great fur-producing state.

The latest reports of the State Department of Conservation show Louisiana to rank well up among the first ten of the fur-producing states of the Union, with the probability that it may rank with the first five!

The principal fur-bearing animals which are trapped in Louisiana are the muskrat, opossum, raccoon, mink, skunk, otter, fox wolf and wild-cat.

In the production of muskrat skins the state takes rank as one of the leaders of the Union. During the year 1919-1920, more than 1,000,000 of these furs were shipped to the manufacturer, a valuation of more than \$1,500,000 annually for this one species alone!

In the State are 8,000 trappers and furriers, whose annual shipments exceed \$3,000,000 worth of raw hides, which retail over the counters of the department stores in the various cities of America for approximately \$10,000,000 annually.

The furs produced by the state are widely used as trimmings for collars and muffs wherever fur trimmings are required. These furs are shipped to manufacturers throughout the North and East, who take the produce of "tropical" Louisiana to make warm and luxurious winter clothes for those who live in lands of snow.

The value of Louisiana's production of furs and skins is greatly enhanced by the alligator, whose tough hide has grown in great demand for making of fancy leather goods. Today, the best pocket-books and valises are made from the hide of this neighbor of the swamps and bayous. The Louisiana alligator hide differs from that of other sections in the absence of "corn marks"—the skins being of a smoother and more delicate design.

This interesting side-light on the "land of cotton" is significant evidence of the varied natural resources of Louisiana.

**Atlanta National Bank**

ATLANTA, GA.

The oldest National Bank in the Cotton States

Capital .....\$1,000,000  
 Surplus and Profits ..... 1,500,000  
 Deposits .....24,000,000

Robt. F. Maddox, Pres.  
 F. E. Block, Vice-Pres.  
 Jas. S. Floyd, Vice-Pres.  
 Geo. R. Donovan, Vice-Pres.  
 T. J. Peoples, Vice-Pres.  
 J. S. Kennedy, Cashier.

1865



1920

ESTABLISHED OVER HALF CENTURY

# Furs of Finest Quality

IN THE

## Latest Fashions

Embracing the very latest foreign models, together with many beautiful and original styles by our own designers, may now be seen in our show-rooms.

ALL THE

## Richest and Choicest Furs

Every article of our manufacture satisfies the eye with the quality of style, an element of the utmost importance to those who desire an air of distinction in their attire.

Our stock includes every desirable fur, not only the costliest, but those of moderate price, equally stylish and fashionable.

---

MEN'S FUR AND FUR LINED COATS  
CLOTH COATS WITH FUR COLLARS

# C. C. SHAYNE & CO.

Manufacturers of

STRICTLY RELIABLE FURS

126 West 42nd Street

New York



# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri.

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

**B**OUNTIFUL crops and steadily improving transportation service have done much to offset the unsettling effects of declining prices and slackening business in the central west. Generous harvests of soil products have given assurance of sustained buying power, and their freer movement to market has kept the financial currents going steadily, although slowly, in the direction of liquidation. The beneficial results have been more sentimental than actual, perhaps, as judged from the periodical statements of the banks, but they have contributed much to the smooth passing of a time that had been looked forward to with more or less uneasiness, and it is believed that the worst stage of the fall stringency has been passed safely.

The pressure for loans is lessening perceptibly, although still heavy, and predictions of coming relaxation in money conditions are now heard from bankers more frequently. These favorable forecasts vary somewhat in the time of their expected realization, but they reflect in common the belief that the turning point has been reached. The change comes at a time when rediscounts by members banks at the Federal Reserve Bank of the Seventh District are at the highest point ever known, aggregating \$478,000,000, or about \$200,000,000 more than the peak of borrowing while the war was in progress, and reserve note circulation is only a little less than the top figures of \$558,000,000 recorded in the third week of September. These evidences of stringency are due principally to the demands made in connection with the mid-September installment of income taxes and are believed to be only temporary. It happened that when these heavy revenue obligations had to be met there were outstanding in the Seventh District not enough of the treasury tax-anticipation certificates by some \$80,000,000 to meet the payments. This made necessary considerable borrowing and more than wiped out the gains that had been recorded in the

preceding six weeks in reduction of loans. Interest rates, however, do not show any quotable change, commercial paper ruling at an 8 per cent. minimum and others forms of accommodation at 7 to 7½ per cent.

The progress of price deflation in the last month has been substantial and is generally regarded by bankers as wholesome, in spite of a slight uneasiness on the part of holders of large stocks. Drastic cuts in raw materials, especially cotton, are reflected in lower wholesale prices and are of such an extent that retailers have passed them along in part to the consumer some months earlier than ordinarily would have been the case. Orders by merchants are still on a hand-to-mouth basis, but because of the continued activity of retail business this buying makes a large volume in the aggregate.

Two weeks of almost unprecedented high temperature in September gave a severe setback to the distribution of seasonable merchandise, but notwithstanding this fact, sales were about 30 per cent. in excess of those in the corresponding month of last year, and the gain over August was even larger. Cooler weather this month has brought about a revival of buying, and the indications are that the lost time will be made up and the turnover for the fall will not only be very satisfactory in itself, but will mean a clearance of high-priced goods that will have an important effect in easing the process of downward revision.

While there are some holders of large quantities of goods on whom the readjustment bears rather heavily, no evidences of serious discomfort are noticeable. Those who have been caught in this predicament

## Alexander Co. Nat. Bank

CAIRO, ILL.

Capital ..... \$100,000  
Surplus ..... 100,000  
D. S. Lanaden, Pres.  
Chas. Feuchter, Jr., Vice-Pres.  
J. H. Galligan, Cashier.  
Frank Spencer, Assistant Cashier.  
Send us your Cairo items. Satisfaction  
guaranteed.



**L**ONG ago people abandoned the quill for the steel pen. Now your bank's correspondence is done with the typewriter. The adding machine has increased the speed and accuracy of bank accounting.

## The Lightning—a Bank Machine

—has similarly doomed to the discard the laborious hand method of paying coin—change making.

The operation is simply one light pressure of the keys, and the correct change is instantly ready to fall into the teller's cupped hand at a mere touch of the finger tips.

Many seconds per operation, countless minutes of your clients' time, many valuable hours a day of your bank's time, are saved.

Your tellers can devote more

attention to matters of importance. There is no counting, no holding up of a long impatient line. Clients appreciate the improved service afforded by a Lightning.

## *Speed—Efficiency—Accuracy*

The Lightning affords greater speed, more efficiency and absolute accuracy. It is the first simple keyboard, practical, absolutely satisfactory machine of the kind.

It is the way used by modern, enterprising banks everywhere. The Lightning like the typewriter and the adding machine, has come to stay.

*The size is 9½ x 12 x 15¼ in. Guaranteed for ten years. Write us and our representative will call or we will ship direct.*

**Lightning Coin Changer Company**  
Dept. AM-8, 34-36 W. Lake St., Chicago, Ill.

have ignored advice which has been given by leading bankers for some months. The bankers have tried to impress on customers of this class the wisdom of selling, even though it involved the taking of a slight loss, and have argued that if the commercial interests of the country generally would follow this course it would mean a saving of tens of millions of dollars in the aggregate. By heeding this advice the holders of goods would have been able to lighten their loads on a sellers' market and would have been able to dispose of surplus stocks with little difficulty. Many chose, however, to hold on in spite of high interest rates, and have carried themselves into a buyers' market with results not advantageous to themselves.

The most serious slowing-up has been in the automobile industry, and while the recent cutting of prices has stimulated buying, conditions in this business are still unsettled and plants are operating at 50 to 75 per cent. of capacity. The radical change in this trade is shown by the fact that whereas on the 1st of June dealers in most of the popular cars in the Chicago market were several months behind with their orders, top prices were being obtained and concessions were unheard of, nearly all these dealers have now caught up and are in position to make prompt deliveries.

Steel mills of the district are operating at about 80 per cent. of capacity, but shipments are considerably in excess of new business. Orders on the books of the larger companies are still heavy, and there will be a large carry-over into next year. The tendency of prices is downward, but so far this is noticeable principally in a shrinkage in the premiums that are being received by the smaller producers for quick deliveries of products. The outstanding feature in this industry is the strong demand from the railroads for rails, track fastenings and car repair materials. Not much new equipment is being bought because of delays in the financing of such purchases, but reservations of tonnage made by the roads give assurance that there will be enormous buying in this department as soon as the hitch over loans is straightened out. Cancellations from the manufacturers of automobiles have been made up by increased deliveries to the implement plants and other similar industries. An easing in the pig-iron market is noted for the first time in years, but makers generally are sold up for the rest of the year and moderate commitments for 1921 have been made with little change in prices.

Building operations have undergone a



Developed through the growth and experience of more than half a century

## The First National Bank of Chicago

James B. Forgan, Chairman of the Board  
Frank O. Wetmore, President

and the

## First Trust and Savings Bank

James B. Forgan, Chairman of the Board  
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over  
**\$415,000,000**

# COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

## THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

*Capital and Surplus \$5,000,000*

faint revival, because of recent reductions in the prices of some materials, but it is so late in the season that the movement can hardly gather much headway before the coming of severe weather. At the end of August building costs showed a reduction of about 15 per cent., the first since the war closed, and at the first of this month the reduction had been nearly doubled. So far, the favorable turn is principally in lumber and concrete materials. The prices of brick are maintained and wages are no lower, although there is more surplus labor in this field now than at any other time in the last two years. There is an enormous amount of construction work held up and the housing situation is becoming more serious all the time. An easing of money conditions probably would release a great deal of business in this line.

The coal situation improves very slowly. Reserves are lacking and prices are high, and the only hope of avoiding serious famine conditions during the winter lies in the maintenance of the present transportation service without interruption. Industrial fuel needs are not quite so heavy as they were earlier in the year, and this fact will help in a solution of the problem.

Savings deposits hold their upward course and an unusually large business is being done in bonds of small denominations and in odd lots of stocks for cash. These evidences of thrift are encouraging. They are corroborated by more careful buying on the part of the public, noticeable in both dry goods and groceries, as well as by a subsidence of the wave of luxury-purchasing which has been a disturbing feature of the economic situation for most of the time since the signing of the armistice.



### CONTINENTAL AND COMMERCIAL BANKS ELECT OFFICERS AND INCREASE SURPLUS

James R. Leavell, vice-president of the First National Bank, St. Louis, Missouri, was elected vice-president of the Continental and Commercial National Bank of Chicago at the last meeting of the latter's board of directors. Mr. Leavell will resign his St. Louis position and take up his duties with the Continental and Commercial on October 15.

Mr. Leavell is a native of Fulton, Missouri.

## Personal Service

to our correspondents—under the direction of one of our Vice-Presidents—is responsible for the satisfactory and continued growth of our out-of-town business.

We invite your inquiry regarding business relations.

# The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

### BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, *Vice-President*  
S. P. JOHNSON, *Assistant Cashier*

HENRY MEYER, *Assistant Cashier*  
R. V. KELLEY, *Assistant Cashier*

and a graduate of Randolph Macon College, Ashland, Virginia. He has a large acquaintance in the Southwest and is particularly familiar with business conditions in that territory. Prior to his present connection, he was assistant cashier of the Mechanics American National Bank of St. Louis, which was one of the institutions merged into the First National.

Robert J. Dunham, until recently vice-president of Armour & Company, has resigned as director of the Continental and Commercial National Bank. F. W. Croll, treasurer of Armour & Company, was elected as a director to succeed Mr. Dunham.

The board voted that \$2,500,000 be taken from the profit account and added to the surplus. This makes the surplus of the Continental and Commercial National Bank \$15,000,000, and leaves \$3,600,000 in the profits account. The capital remains at \$25,000,000.

The directors of the Continental and Commercial Trust and Savings Bank, Chicago, elected J. S. Macfarren, head of the discount and collateral department, as an assistant cashier, and Benjamin Bills as an assistant secretary.

The surplus of this institution was in-

creased from \$4,000,000 to \$5,000,000, making it equal to the capital and leaving \$1,000,000 as undivided profits.

The action of the two boards gives the Continental and Commercial institutions a combined capital, surplus and undivided profits of \$54,600,000.

### THE JOURNAL OF COMMERCE

La Salle street awaits with considerable interest the first issue of *The Journal of Commerce*, a notable arrival among Chicago's morning newspapers, scheduled to appear October 14. Judging from the personnel of its staff and the character and scope of its news service, it promises to be a newspaper of some consequence. *The Journal of Commerce* is primarily a newspaper for business men, and emphasizes particularly comprehensive financial, commercial and industrial news. Through special wire service, it is announced, they will cover every security and commodity market known, and all the important news of the day will be featured as well.

A. M. Lawrence, formerly publisher of the *Chicago Examiner* and at present publisher of *The Journal of Commerce* of San

# To Bankers



**THE Moline Plow Company's Dealers' Contract is an expression of our earnest conviction that our own success depends on our constructive development of the two chief elements of community service—Retailer and Bank.**

**We seek, therefore, to attract the most progressive merchant and the best bank in each community, by a contract with one, and a policy toward the other, which offer to both an unprecedented opportunity and a mutuality of interest and profit.**

**We shall be glad to answer the inquiries of any bank or merchant.**

**MOLINE PLOW COMPANY**

**Moline, Illinois**

Francisco, will be the editor and publisher of this new periodical, and Glenn Griswold, formerly western manager of Dow, Jones & Company and the *Wall Street Journal*, will be business manager. Jose Born, Sr., former managing editor of the *New York Journal of Commerce*, is to be managing editor. The editorial and special departments will all be under the direction of men whose broad and highly-specialized ability gives weight to their writings. There is George Wheeler Hinman, at one time publisher of the *Chicago Inter-Ocean*; R. A. Fiset, lately of the Raymond News Bureau, who will handle the board of trade news; James E. Poole, dean of stockyards writers and formerly connected with the *Chicago Examiner*, who will cover news of the packing industry; Julian S. Patterson, former automobile editor of the *Chicago Record Herald* and of the *Examiner*, also advertising manager of the Hupp Automobile Company and official A. A. A., who will be the automobile editor, and R. D. Bokum, who will cover insurance.

Philadelphia Public Ledger News Service will be used exclusively by *The Journal of Commerce*, giving readers the benefit of news articles and comment by a group of

famous authorities. On financial topics there will be a weekly review of world finance by Sir George Paish, former editor *London Statist*. B. C. Forbes will have an exclusive article twice a week; Richard Spillane, a "Men and Business" column every day. Colonel House is to write a weekly letter on foreign and domestic business and political news, and foreign happenings will be cabled by twenty-eight American correspondents from important points abroad, including such well-known men as Carl W. Ackerman, Seymour Beach Conger, Wythe Williams, and B. W. Fleisher, who will contribute news of the Orient. William Howard Taft will write timely letters; Frederick William Wile and many correspondents will furnish news of national events, politics and finance. There will be a weekly news letter by Gilbert Seldes on the theatre's latest attractions, and William H. Rocab will report the sporting events of the day.

## FIRST NATIONAL BANK OF CHICAGO

Directors of the First National Bank of Chicago have voted to increase the special quarterly dividend from 1 to 2½ per cent. in lieu of payment of a quarterly dividend of 3 per cent. by the First Trust and Sav-

ings Bank, whose stock is held in trust for First National stockholders. This shift in dividends will continue until the surplus of the first trust has increased to \$6,250,000, or equal to the capital. The surplus now is \$5,500,000.

**GROWTH OF CHICAGO CHAPTER,  
A. I. B.**

Concurrently with the occupation of its handsome new quarters, taking up the entire second and third floors at 26 North Dearborn street, Chicago Chapter of the American Institute of Banking began a drive for increased membership, with 1,000 new names as the objective. This would bring the total enrollment up to 3,000. To the attractiveness of its new quarters the solid advantages of an educational course are added, embracing during the present year twenty-seven classes in sixteen subjects.

*The Bank Man*, the official publication of Chicago Chapter, under the editorial direction of Frederick L. Varney, assistant manager of the service extension department of the Northern Trust Company, affords an excellent record of the chapter's progress, and contains much inspirational information besides.

**DAN W. JONES ELECTED ASSISTANT  
SECRETARY**

Dan W. Jones was elected assistant secretary of the Mississippi Valley Trust Company at a regular meeting of its board of directors recently.

He has been in the service of the company since 1914 and during that time has been connected with nearly every one of its departments. In February, 1917, he entered the United States Navy and his naval service continued until February 1, 1919, when he returned to St. Louis, after winning a commission as ensign.

He is the youngest son of Breckenridge Jones, president of the trust company, and is a graduate of Center College, of Danville, Kentucky.

**FIDELITY NATIONAL MOVES INTO  
REMODELED QUARTERS**

The Fidelity National Bank and Trust Company of Kansas City, which has been using temporary wooden bank fixtures with chicken wire tellers' screens during the summer, while their former lobby was being remodeled, has moved into its new enlarged lobby.

The new lobby, with its row of great



*Out  
in the  
Northwest*

**A BANK** with resources  
of over \$100,000,000

—the leading financial institution of its section—  
the logical clearing point  
for business intended for  
Twin City territory.

**First  
National  
Bank**

**Minneapolis**

**Capital and Surplus Ten Million Dollars**

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With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

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218 Livingston Street, Brooklyn, N. Y.

Corinthian columns, its air of spaciousness, its plate glass and white marble tellers' screens, is very beautiful indeed.

A new lighting system has been adopted which makes the new lobby have the appearance of being full of soft sunlight even on the darkest day.

The customers of this growing bank are as well pleased with the new quarters as are the members of the Fidelity organization.

The new lobby is one of the handsomest in the West.

### PROMISING BUSINESS OUTLOOK IN THE SOUTHWEST

In a recent interview published in the *Kansas City Star*, W. T. Kemper, chairman of the board of the National Bank of Commerce and Commerce Trust Company, Kansas City, Mo., declared that the prosperity of Kansas City and its trade territory has been underwritten for the next two years by the wonderful crops of this summer and fall. "The guarantee is good for at least two years," he declared. "In what is termed a transition period, we are beyond injury for two years. Meanwhile, the soil will be turned and new crops sown, and the results

therefrom will further extend the guarantee of physical well-being.

"This golden harvest embraces not only our most immediate trade territory, but the far outlying territory, that far stretch of country to the south and to the west that is more and more Kansas City's trade territory. It is brought to us by the enlarged scope of business being transacted out of this city. From the wealth of these crops enough will come to this city, as the metropolises of the section, to make it more prosperous than ever before.

"This sort of thing is basic. We know our merchants will be prosperous. We can see why their business will be good. For this city we can see industrial growth ahead and jobbing expansion. The whole country knows the wonderful buying power that has been taken from the soil out here in the West. Eastern houses are coming West with branch houses and branch factories.

"There are two reasons for this great element of growth that is coming to Kansas City. Increasing freight rates has the East appreciating how closely and thoroughly Kansas City is linked by rail to this vast crop section. The other reason is that farming is a real business.





There are two times  
when you need an ac-  
count with the Commerce

*1st: When you have surplus  
funds*

*2nd: When you haven't*

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over \$95,000,000 —and making loans is part of our business.

## The National Bank of Commerce IN ST. LOUIS

"Farmers have made more progress in our territory the last two or three years than ever before and carry on their business more systematically. We are proud to link with our agriculture and beef resources our oil fields and mines. But we have had something as good as a mine or as rich as the richest oil field in the nine agricultural schools in Kansas, Nebraska, Oklahoma and Missouri.

"With the aging of this country, our agricultural resources take on a new meaning. The filling of the bread basket is the big essential industry from now on. We are past the period when there was more gain than demand, past the period when men turned the soil just because they found their feet on the land, not because it paid.

"The sun shines on Kansas City territory and shrinkage in commodity values can mean no disaster. Business men, everybody, all are prepared for such shrinkage as can touch their lives.

"Meanwhile the money tension in this section will be relieved. Every carload of wheat that comes through here stands for new wealth created in this vicinity. The field crops in our immediate territory, including only the western part of Missouri,

will be marketed for \$1,500,000,000 this year. Much of this will, of course, be spent with the merchants of the territory, with our own merchants, jobbers, manufacturers. It is such a firm basis of prosperity that eastern firms are eager to share it.

"It is gratifying to have concerns like the Corn Products Company stamp approval on our distribution facilities with a seven or eight million dollar investment, but we should not say that business will be good and the town prosperous because these firms are coming. They are coming because business is good—and going to be better—in this territory and they want to share in it. Our basic prosperity lies in the territory."

"We must capitalize our opportunity and prepare for expansion," he said.

Some of the things Kansas Citians should be thinking about, he said, were:

Making it easier to finance new homes.

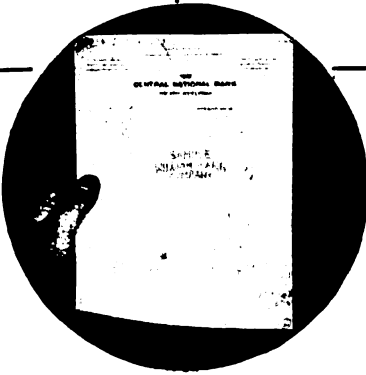
Wholehearted support of the city planning commission, so that it gets plans approved before the next period of building expansion sets in.

Support of plans to make Kansas City the musical, art and cultural center of the Southwest.

The introduction of business methods and

# Lithographing

*makes a better impression*



THE CENTRAL NATIONAL BANK of Philadelphia uses lithographed letter-heads and lithographed checks executed by us. This Bank has used Mann products continually for fifty-five years.

**T**HAT part of your organization which comes in contact with your customers must be representative, whether it be man, building or stationery.

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The checks you give your customers remind them of you. Be sure that they represent the character and responsibility of your bank.

Like all Mann products, Mann's lithographed letter-heads, checks, statements, etc., are of the highest quality.

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**PHILADELPHIA**

FOUNDED IN 1848

*New York Offices: 261 Broadway*

efficiency into local public affairs, so that the big public projects essential to a growing community can be carried through without needless burden to the taxpayers.

## PROPOSED MERGER IN KANSAS CITY

The boards of directors of the National Reserve Bank and the Midwest National Bank and Trust Company adopted the following simultaneously at their respective meetings preparatory to a proposed merger of these banks:

It is the judgment of the board that in the consolidation of the interests of the National Reserve Bank and the Midwest National Bank and Trust Company of Kansas City into one institution, much economy of operation may be effected, greater net returns to stockholders be expected, the risk of losses be minimized, the investment of every stockholder be made more desirable, the commercial interests of Kansas City strengthened, the efficiency of service increased, and the prosperity of all concerned, including stockholders, patrons and community, decidedly advanced without reason for any valid objection from any source.

**THEREFORE**, We do this day recommend to our shareholders the merger of the above banking interests, and we pledge our hearty efforts and good-will to consummate such consolidation. We consider this opportunity logical, sound and desirable. We voluntarily vote this recommendation and express great satisfaction

in the unusually friendly feelings towards such merger upon the part of the respective interests concerned.

It was recommended that the consolidation become effective as soon as necessary details could be perfected.

It was proposed that the new merged institution be known as the Midwest Reserve Trust Company—capital, \$2,000,000; surplus, \$200,000 (this will permit the merged bank to show approximately \$17,000,000 deposits.) It was proposed that each bank should contribute one million to capital and one hundred thousand to surplus in the new institution, and that the remaining assets in each bank in excess of amount required for above capital and surplus in new bank, and after all other resources and liabilities have been provided for by the new institution, should be absorbed, by such securities as may be selected from the respective banks' assets by friendly agreement, the respective banks to liquidate such securities as each bank may elect for the benefit of their respective present stockholders. Since such securities from both banks will be selected by a competent disinterested umpire, it can be anticipated that the merged bank shall be as free from



## Success to You, A. B. A.!

If our well-wishes can be made to count for anything, then this, your 46th Annual Convention, will surely stand out as the biggest and best convention you have ever had

We have an extraordinary interest in your affairs and your welfare, because you have complimented us as an institution in selecting Richard S. Hawes, Senior Vice-President of this bank, as the President of your Association for the past year.

So, more power to you, A. B. A. We wish for you many years of sound, progressive achievement—from which will follow the kind of success that will meet your own ideas of what is right and good.

## FIRST NATIONAL BANK IN ST. LOUIS

Capital and Surplus	\$15,000,000.00
Total Resources	\$170,000,000.00

any objectionable securities as it is humanly possible to make it.

Each shareholder in each bank shall be entitled to the same number of shares in the merged bank as now held in his respective bank.

The merged bank will occupy the quarters of the National Reserve Bank, the southwest corner of 10th and Walnut Streets, the choicest location in Kansas City.

The opportunity comes at a time when both banks were at the point of enlarging the official staffs, so no desirable talent in official strength will be eliminated. The records show the two banks to be on an almost even footing as to loans, reserves, capital, deposits and market quotations.

The enlarged bank will be prepared to render better service to the community, greater net earnings to its shareholders, and it is estimated that fully one hundred thousand dollars per annum can be saved in cost of operation under the merged arrangement; its loan capacity will be exceeded by, perhaps, only one other bank in the city. It would appear that this

will leave only one Kansas City bank of larger capital, and this bank should be in sixth place in point of deposits.

The members of the respective boards recommended that Messrs. Wm. Huttig, as chairman; P. E. Laughlin, president; C. B. McClusky and Harry Warren, active vice-presidents, and Messrs. J. F. Houlehan, J. H. Berkshire, Jake L. Hamon, H. E. Huttig, honorary vice-presidents, be named in the merged institution; mutually agreeable arrangements to be made as to other officers. The consolidated bank is to have a board of approximately thirty members.

This consolidation seems particularly appropriate and a natural one, there having always been many close personal friendships between a large portion of the respective stockholders, while time placed the business of the two banks upon an almost even footing, the relations between the respective officers being exceptionally close and friendly.

The bank will be a member bank in the Federal System, hence enjoy all the advantages of both the National and State systems.

**V. C. APPEL PROMOTED**

Vallee O. Appel, who has occupied the position of trust officer of the Great Lakes Trust Company, Chicago, has been elected secretary also, to succeed Alan S. Wallace



V. C. APPEL

Recently Appointed Secretary, Great Lakes Trust Company, Chicago

who resigned to take up another line of activity.

Mr. Appel served as an officer with the 86th Division in France up to the time of joining the staff of the Great Lakes Trust Company.

#### SAVINGS DEPARTMENT OF THE FIRST NATIONAL BANK IN ST. LOUIS OPENS NEW QUARTERS

The savings department of the First National Bank in St. Louis opened its new banking rooms on September 20, at 511 Olive Street.

A new effect in bank decoration has been obtained by the architect. The pure white ceiling with its conventional designs of classical character, shading into the cream white of the upper walls, form a pleasing contrast to the restful light green marble effect of the side walls lower down.

A number of large plate glass windows provide ample light and the net result gained is both pleasing and effective.

The building formerly occupied by the savings department will be re-decorated

and remodeled and thrown into one with the present general banking rooms. The floor space thus provided will afford ample room for all customers of the bank to transact their business comfortably and expeditiously.

The four floors of the building at 309 Broadway and the five floors of the building at 511 Olive Street, will both be gone over by the architect with the idea of making all this space available for housing the different activities of the bank.

The total amount of floor space thus made available will place the First National Bank in St. Louis easily in the lead in this particular as the largest bank west of the Mississippi River, a distinction which it already enjoys in the total amount of its resources.

#### TWIN CITY BANKING CONDITIONS

In its October letter the Northwestern National Bank says:

"Twin City bank statements published under the date of September 8 showed an increase of 17.9 per cent. in loans and discounts in one year's time, and a decrease of 5.7 per cent. in deposits. The highest point in loans and discounts so far recorded by the Federal Reserve Bank of Minneapolis was reached on September 23, when the total was \$108,000,000. A year ago the corresponding total was \$31,000,000. These results, showing the persistent urge of credits, seem logical enough to those who have followed the trend of affairs since last autumn when the undernourished condition of the railroads became so apparent. The condition is an idiosyncrasy of banking brought about by external causes, which will take its place in financial history as an after-effect of the war. It is expected to disappear gradually as the major factors in the business alignment find their proper places. Widespread and uniform progress waits on normal transportation, price stabilization and the application of constructive governmental policies.

#### WISCONSIN BANKS

Total resources of Wisconsin state-mutual savings banks and trust companies on September 8, 1920, were \$524,883,593.17, as compared with \$517,634,613.71 on June 30 last. Loans and discounts less rediscounts, were \$350,567,704.29, an increase of \$1,731,488.73 over the June 30 figures.

# Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

## ECONOMIC CONDITIONS IN THE WESTERN STATES

BY SAMUEL SOSLAND

**S**TRAINED credit conditions, with the accompanying depressing effect on prices of agricultural products and other commodities, are the dominating factors in the business developments in the Western states. Money markets in this territory are tighter than at any other time this year. This, together with the cautiousness stimulated by the numerous recessions in prices of commodities, is retarding general trade. Further improvement in crop conditions was witnessed the past month, but enthusiasm over the gratifying volume of the harvests was tempered by severe declines in prices, which are, of course, adverse to the income of farmers and stockmen.

Estimates on the yields of cotton in the southern portion of this territory were reduced during the month and there was some deterioration in the indicated grain production in the Dakotas, but the aggregate of crops in sight shows a generous increase over a month ago. Corn in particular shows an increase. But corn has had a sharp break, being at the lowest level since the early part of 1917. Cotton, too, slumped seriously. All feedstuffs displayed weakness, and even in wheat recessions prevailed in the face of enormous export buying.

Reports as to trade in retail and wholesale lines reflect far less activity than the agricultural yields warrant. This, however, is easily explained. Oklahoma is witnessing agitation for the holding of cotton for higher prices. In Kansas, the largest wheat state, farmers are leading a national movement for the holding of wheat for higher prices. The tightness of money in the East, along with uncertainty there as to prices, is making the distributors of that great consuming area reluctant to purchase normally of the harvests of the Western states. Having entered the new crop year with the largest total of loans on record, the Western states therefore must wait until more

of their crops are sold in order to enjoy increased activity in trade.

Large feed crops have accentuated the tightness which already prevailed in money when the new wheat harvest started. Facing a corn market which means a return of hardly 75 cents a bushel on farms, compared with an average more than 50 cents a bushel higher last year, producers of that and other feed crops are seeking loans for the purchase of cattle and other live stock to convert the feedstuffs into meat. Had wheat been sold in as large a volume as expected, funds for the purchase of live stock would have been in more liberal supply. Another reason for the increase in the money strain arising from the demand for loans for the purchase of live stock is the shrinkage in the purchase of cattle paper by the East through the large stock yards loan companies. The loan companies are disposing of only a fraction of the paper which they normally distribute, which is adding to the pressure for live stock money on the banks of the Western states. Later in the year, when the meat animals are converted into marketable fat stock, money will flow into the banks, but at present tightness is being increased by the feed and live stock situation.

A point which is certainly encouraging is the evidence that the crops in the Western states are not only large enough at the reduced prices now prevailing to liquidate outstanding loans, but sufficient to provide the basis for good business. But betterment in business will be arrested pending the liquidation of loans. It is probable that the development of easier credit conditions in the great consuming districts of the country, which would induce them to buy more of the Western crops, would be the signal for a turn for the better in business.

Farmers are disappointed in many instances over the downward course of prices to an extent which is stimulating the organization of movements to effect reforms in marketing methods. The formation of farmers' commission houses owned by farm-

## ***In The Great Northwest***

Bankers and business men anxious to obtain accurate and exact information concerning credit data, industrial possibilities and a general knowledge relative to the Pacific Northwest will find a comprehensive, reliable and complete service here.

*Our increase in deposits during the last two years is nearly \$4,000,000.00*

# **Scandinavian American Bank**

***Pacific Avenue at Eleventh Street. Tacoma***

ers is being advocated. County farm bureaus and departments of marketing within state boards of agriculture are being used more and more with the object of eliminating the middlemen, but there is doubt as to the success of these undertakings. With increased crops, the producers need the assistance of the existing marketing organizations to find outlets and to finance the sale of their surplus. As European pro-

duction increases and the abnormal wartime buying disappears, the need for such assistance will be more fully appreciated.

Prices on wheat are not so high as the Winter and Spring wheat growers expected. It is equally true that the market is not on as high a level as expected by a majority of the grain dealers and millers interested in that crop. Sales for export have been of enormous proportions, the movement to foreign buyers since the opening of July having established a new record for this period. However, domestic flour trade has been so disappointing, amounting in volume to hardly 50 per cent. of the capacity of mills at a time when sales are usually greatly in excess of the maximum output, that the foreigner has had a minimum of competition in making purchases. The Dakotas especially and the Winter wheat states as well have also felt lately the influence of the movement of new Canadian wheat, some of which has come to the United States owing to the discount on Canadian exchange in this country. There is a strong suspicion in the trade that the European buyers, who are operating almost entirely through government commissions, are using the trade in wheat futures to depress prices and to discourage domestic buying. It is an extraordinary fact that, since the reopening of wheat future trading, prices of the options have been at a sharp discount under the cash market. The Southwestern Millers' League, with headquarters at Kansas City, has asked as a result that trading in wheat futures be suspended.

Live stock markets display an easy tone. Buying of thin stock for feeding purposes, while stimulated by the bearish feed price situation, is not as heavy as warranted by the yields of corn owing to the tightness of money and the lack of credit for live stock financing from the East. Efforts

## **Be a Winner**

### **Keep Your Liberty Bonds**

The subscriber who holds his bonds will not lose a dollar.

Market fluctuations do not change the intrinsic value of Uncle Sam's securities or affect his interest payments.

### **Liberty Bonds and Victory Notes**

—backed by the nation's strength  
—are the world's premier investment.

### **Buy All You Can Afford**

at current advantageous market prices.

### **Government Loan Organization**

120 Broadway

New York

# The Omaha National Bank

## OMAHA, NEBRASKA

Established 1866

Capital . . . . .	\$1,000,000
Surplus (Earned) . . . . .	\$1,000,000
Total Resources . . . . .	\$43,000,000

J. H. Millard, President

Walter W. Head . . . . .	Vice-President
Ward M. Burgess . . . . .	Vice-President
B. A. Wilcox . . . . .	Vice-President
Frank Boyd . . . . .	Vice-President
Ezra Millard . . . . .	Cashier
O. T. Alvison . . . . .	Assistant Cashier
J. A. Changstrom . . . . .	Assistant Cashier
W. Dale Clark . . . . .	Assistant Cashier
Edward Neale . . . . .	Assistant Cashier

### Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

were made during the month to obtain special assistance from the government. A national live stock financing conference was held at Chicago, but the net results of these efforts have been only to create more friendly sentiment toward the making of loans on live stock. Larger buying of hog products for export sent hogs to a new high level for the year, but the market is now on the downgrade and probably will continue to decline until the peak of the new crop hog movement is reached. Corn-fed cattle, few of which are moving, are at the high point of the year, but the great bulk of the supplies, grassers, are \$1 to \$2 lower per hundredweight than a month ago and at the low level of the season. Sheep and lambs are fully \$1 lower. Horses and mules are irregularly lower, with depression in cotton the principal bearish influence. Wool and hide markets continue unsatisfactory.

Oil interests are increasing production, with a gain in the already heavy income from crude oil. Refiners are not witnessing healthy trade conditions, and this may be the forerunner of a decline in crude

from the record prices now prevailing. Depression continues in copper mining. There is a somewhat better tone in the zinc, lead and coal mining districts. Sharp declines are quoted on lumber, with orders decreasing. The automobile business is depressed, with cutting of prices wielding an unsettling influence. Building is inactive. Labor is in larger supply.

While complaints are still heard of a housing shortage, the peak seems to have been reached on rents, and homes are moving less actively than at any other time this year. Farm land trading is almost at a standstill, due to the tightness of money and the declines in the prices of farm products.

Business is being readjusted to the new freight rates, but in such bulky commodities as hay the sharp advances point to a curtailment of business.

With greater strain in money, rates are naturally stronger. The bank situation, however, is featured by an extremely light supply of loanable funds at any price. It is doubtful if October will see any material improvement.

# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,  
Arizona and Alaska.

## ECONOMIC CONDITION IN THE PACIFIC STATES

By J. F. DONNELLAN

**S**LOWLY but surely general business on the Pacific Coast is being established on a lower price level in line with the widespread reaction against extortionate prices for foodstuffs and merchandise. Reduction in commodity prices has not worked its way down fully to the ultimate consumer, however, except in a relatively few small articles. Present uncertain conditions are naturally causing hesitancy among buyers in wholesale and jobbing lines and creating a disposition to hold off until values can be ascertained. This has resulted in an accumulation of goods at distributing points, much of which involves a carrying on bank credit. Retail trade shows slight declines. Collections are good to fair.

Compared with last month the condition of crops and ranges in California, Washington, Idaho and Utah has improved. Timely rainfall in the Pacific Northwest has been a favorable factor. California canneries have finished their fruit packing and are now working on tomatoes. Owing to the large carry over from last year and the present scarcity of orders very few of the latter are being packed. Grapes are now the main issue in the Eastern fruit movement and never have such prices been known for grapes in California. Wine grapes bring \$105 to \$110 a ton, and while the car shortage is hampering the movement to some extent, shipments are being made at the rate of 300 cars a day. Fewer apples will be produced this year on the Coast than last year and little activity is moreover expected in the Northwest in the box apple market until the holidays. Speculative buying by Eastern buyers which is usually in evidence at this time of the year, is not present.

Much of the wool clip is still in the hands of the original owners awaiting buyers and the lamb crop has proven a disappointment. Movement should soon begin in wool, however, and prices stiffen.

San Francisco business men stood to lose in the neighborhood of \$10,000,000 when President Menocal of Cuba issued a decree in September prohibiting rice imports. Under large contracts shipments of rice, mostly from the Orient, had been made through San Francisco concerns. While en route the market dropped four cents a pound and it is alleged the Cubans took advantage of the situation, a predicament aggravated by a stevedores' strike, to refuse to honor their contracts. Representations by the State Department however resulted in President Menocal lifting the ban.

Portland was recently the scene of an important conference when representatives of Northwest lumber interests and traffic managers of transcontinental railroads met to discuss adjustment of freight rates on lumber to Eastern points. The two day session ended without any decision being made nor any promise of reduction extended, but traffic officials will meet again in Chicago October 6 to review lumber rates. Lumber men contend that the present tariff will mean the stifling of the Northwest lumber industry. Before the recent advance the Northwest Coast rate to Chicago, was 60 cents; yellow pine (Southern mills) rate was 31½ cents. The 33 1/3 per cent. increase in both rates makes the fir rate increase 20 cents as compared with a 10½ cent increase on Southern pine. The western wool grower is in the same situation of competing in a far away market with producers located nearby, as also are the California shippers of fresh and preserved fruits, and the apple shippers of Oregon.

Preliminary estimates of gold production in Alaska place the amount as \$1,400,000 in

### Bank of Bishop & Co., Limited

Established 1858  
HONOLULU, T. H.  
Cable Address, "Snomad"  
Capital and Surplus... \$1,722,590  
**OLDEST AND LARGEST BANK IN THE ISLANDS. COMPLETE AROUND THE ISLANDS COLLECTION SERVICE. PROMPT REMITTANCES.**



GUARANTY CELEBRATES  
THIRTIETH ANNIVERSARY

Thirty years ago, when the financial importance of Los Angeles was an unknown quantity, a small group of financiers of that day saw a golden opportunity for a new bank in that city. The undertaking was launched October 7, 1890, when the now Guaranty Trust and Savings Bank opened its doors. The first home of the bank was in a little store room of twenty-five-foot frontage, in a building which was then used for theatrical purposes. The bank's paid-up capital was \$100,000 and the deposits on January 1, 1891, totaled \$82,840, while the depositors numbered 664.

Thus in harmony with the usual commencement of nearly all undertakings that reach eventual greatness, the bank's beginning was small and conservative. Its policy was then as now, one of progress and conservatism—continually insuring better and larger facilities and increased service to its patrons, yet holding fast to those financial principles which experience has proven sound.

The wisdom of this method of banking is demonstrated in the gradual yet successful growth in the amount of deposits and the number of customers drawn from all quarters of the Southwest. Four times the Guaranty has been forced to expand its banking quarters to accommodate its unusual increase in business, and in 1913 it moved to its present site which is one of the largest and most elegantly equipped banking rooms in the West, comprising 33,453 square feet of floor space in all.

The past seven years spent in its present home have indeed proven prosperous ones. Today the capital and surplus of the Guaranty stand at \$3,250,000, while the deposits total over \$32,000,000, and the depositors number over 64,000.

One of the leading factors which have contributed to the remarkable yet steady and consistent growth of the Guaranty Bank is permanency of management. Among



The Puget Sound Bank and Trust Company of Tacoma, Wash., has recently purchased the National Realty Building shown above, which will hereafter be known as the Puget Sound Bank Building. The building will be equipped with modern furniture and fixtures and used as a banking room together with the bank's present three-story building which adjoins.

the Tanner Valley placer mining district; interior Alaska, \$2,985,000, and the Dawson district, \$1,500,000.

The Bank of Hawaii, Ltd.

HONOLULU, HAWAII

Cable Address, "Bankoh"

Capital, Surplus and Undivided Profits .....\$1,686,000  
Total Resources .....11,094,000  
C. H. Cooke, Pres.  
E. D. Tenney, Vice-Pres.  
Roxor Damon, Cashier.

Encashment of Letters of Credit through close connections on each Island, collections promptly executed.

# ADRIAN H. MULLER & SON

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## AUCTIONEERS

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### STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

### Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

the little group of men who organized the bank thirty years ago was Dr. M. N. Avery, the first secretary and now its president. Through all its long career Dr. Avery has been identified with the bank in some official capacity, serving continuously as president since January, 1910. Of the other organizers, three are still faithfully serving on the board of directors. Many of the other officers and directors have been associated with the bank almost from its opening day. During all its thirty years of growth, the management of the bank has remained practically unchanged.

Another factor in the bank's success has been the efficiency of its personnel. Realizing that courteous service for every patron can only be secured through the selection of able employees who will take an interest in the welfare of the bank's customers, the Guaranty has ever chosen with the utmost care the men who carry on its work. The introduction this year of an employees' profit-sharing system, by means of which every employee shares individually and financially

in the growth and prosperity of the bank has been a forwarding-looking move towards insuring the fullest realization of the Guaranty slogan "The Bank with the Efficient Service."

#### BANK OF ITALY TO ISSUE NEW SHARES

Under date of September 17, the Bank of Italy, San Francisco, and the Stockholders Auxiliary Corporation, sent out the following letter to its stockholders:

Please be advised that it was regularly determined on the 14th instant by the board of directors of each of the corporations above named to issue the remaining ten thousand (10,000) combined shares of the capital stock of the Bank of Italy and Stockholders Auxiliary Corporation on July 2, 1921, and to begin receiving subscriptions therefor at once.

The sale price of these last 10,000 shares has been fixed at two hundred (\$200) dollars per combined share.

While you have a prior right to subscribe to only one combined share of this last issue for every nine combined shares of such stock owned by you, you may feel at liberty to subscribe for as many as you desire. In case it will be necessary to cut you down later, we of course reserve the right to do so.

Subscriptions by present stockholders to the shares of this issue will close January 15, 1921.

Ask Your Stationer for

## Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

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SOLE AGENTS FOR NEW YORK

### F. W. ANDERSON & CO.

INCORPORATED

34 Beekman Street, New York

You are therefore earnestly requested to subscribe to said issue at your very earliest, for if you fail to send in your subscription before January 15, 1921, we shall assume that you do not desire to subscribe and we will immediately thereafter make other arrangements for the sale of the stock not subscribed for.

You may subscribe immediately upon receipt of this notice by filling in, executing and returning the one of the enclosed subscription agreements which you may prefer.

Your attention is also directed to the fact that it is optional with the subscriber to pay the full amount due on his subscription at the time of making subscription, or on July 2, 1921.

In the event that payment is made when subscribing, or before June 30, 1921, the Stockholders Auxiliary Corporation will pay interest thereon from date of said payment to and including June 30, 1921, at the rate of six per cent. (6%) per annum.

In order that you may have an idea of the basis upon which we have fixed the sale price of these remaining combined shares to be issued as of July 2, 1921, permit me to submit the following calculation:

Present book value of the combined capital, surplus and undivided profits of both corporations (90,000 shares issued) approximately .....	\$15,000,000
Net earnings to July 1, 1921, in excess of regular dividends of both corporations after reasonable deductions for depreciations and possible losses, etc., estimated at .....	1,500,000
Value of banking premises, furniture, fixtures, safe deposit vaults, in excess of amount carried on books, appraised by Mr. Wm. A. Newsom, one of the bank's appraisers, at \$2,186,819.77, but for present purposes set down at .....	1,500,000
Proceeds of sale of these remaining 10,000 combined shares at \$200 per share.....	2,000,000

Total estimated capital, surplus and undivided profits of both corporations when all of the 100,000 shares are issued, July 2, 1921 .....

\$20,000,000

Or \$200 Per Share.

As you will note, the foregoing estimate does not include anything by way of good-will, which, as your own good judgment will dictate, should attach to the deposits of approximately \$135,000,000 of the Bank of Italy (a business that has now attained a monthly normal earning power of upwards of \$200,000), and to the deposits of approximately \$30,000,000 of the several thriving banks controlled by the Stockholders Auxiliary Corporation.

Thanking you for your continued co-operation and urging you again to advise us as to your desire with reference to this proposed issue as soon as possible, so that we may be in a position to determine what shares will be available for sale to our friends who are not yet stockholders, I am,

Yours very respectfully,  
A. P. GIANNINI, President.

Gross deposits of the Bank of Italy on September 12, 1919, were \$106,287,399.92. On September 12, 1920, they were \$133,324,217.17, an increase during the year of \$27,036,817.25, or about 25.4 per cent.

**EXIT THE LADIES' CAGE**

The following item appeared in a recent issue of the Los Angeles Times:

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# THE HISTORY OF CUBA

By Willis Fletcher Johnson

*Answers Countless Questions*

**T**HE History of Cuba will supply the information about our next door neighbor which Americans who want to do business with Cuba need. It tells about sugar and politics and everything else. It doesn't possess a dull line and it is loaded with facts.

The President of Cuba, Mario G. Menocal, writes to the author: "In acknowledging with sincere thanks, the receipt of a copy of your great 'History of Cuba,' I desire to congratulate you heartily on your consummation of a work of remarkable completeness and accuracy. The entire narrative of more than four centuries is admirably sustained, though doubtless, for obvious reasons, most interest will naturally center upon the fourth and fifth volumes, with their broad scope of treatment of the history and of the multifarious resources of the Cuban Republic."

The Hon. Rafael Montoro, the "Castelar of Cuba," says: "After reading with great interest the five volumes of 'The History of Cuba,' I take pleasure in reiterating to you my cordial congratulations for your admirable work, which will doubtless be considered by all competent readers as the most certain guide for those who really desire to become acquainted with our country. The fifth volume is an exact and compendious exponent of Cuba's resources, and a mine of useful information for those who have occasion to know them."

Send at once for descriptive matter.

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156 Fifth Avenue, New York

teenth Amendment literally. It has abolished the ladies' cage, which was instituted to spare the gentler protected sex from waiting in line with the men at the general cages. Now, however, they are all for equality, both ways, the ladies must use the general cages, and women tellers have also been introduced to wait upon the men.

But it must be admitted the arrangement is quite agreeable to all concerned. The ladies are quite content to be treated as fellow-men.

## PACIFIC COAST CONDITIONS

The Seattle National Bank in the October number of "Current Commerce" says:

A general survey of national conditions shows that the Pacific Coast is more favorably situated than almost any other section. Seattle's big industrial crisis came with the closing of ship construction and the necessary readjustment following this has largely been accomplished. Eastern industrial communities are now experiencing similar crises in readjusting their basic enterprises to the new order and until this process is completed there must naturally exist a period of unrest and agitation.

The Pacific Northwest, however, has already passed through its roughest weather and is now an area of comparative calm except for some under-currents which may reach this sec-

tion from other storm centers. Industrial deflation here has apparently reached a point of comparative safety and there should soon follow a genuine growth along substantial and permanent lines. Local manufacturing will be stimulated by the increase in freight rates which adds to the distribution cost of marketing Eastern products on the Coast. The development of the water resources of this region will provide an abundance of power, so that its industries will not be forced to depend upon supplies of coal or oil.

The reclamation of vast tracts of arid lands, which is now in contemplation, will add to the food supply of this region and enable it to support a larger industrial population. These conditions, with the wealth of raw material produced in the Northwest and directly available by importation from the Orient, ultimately promise a large industrial development.

## MONTANA BANKS

Montana state and private banks and trust company had total resources on September 8 of \$125,302,452.09, an increase of \$1,165,908.36 over the June 30 figures. The average reserve was 19.9 per cent. as compared with 19.6 per cent. on June 30, a surplus of \$4,461,085 over the 15 per cent. required.

# Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

## ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

**T**HE activities of the Canadian banks in Cuba, in South America and in Wall Street as well as in the neighboring dominion of Newfoundland have been regarded by the public with some dissatisfaction because of the feeling that they were employing Canadian funds in foreign fields and that the home borrower was being discriminated against for the purpose of advancing foreign credits. This feeling has been more pronounced recently because of the tightening of industrial and commercial loans in Canada in keeping with the policy which has been general in the United States but which has perhaps been more acute in this country because of the "peak load" which comes when agricultural demands pyramid for the handling of the Western wheat crop.

The bank statement for August, which represents the position of the banks on the verge of the big crop movement is therefore, interesting under analysis as indicative of the effort to concentrate financial resources for crop purposes and of the policy towards foreign fields under the strain—a strain greater than usual this year owing to the big proportions of the crop itself and the high market value. The Winnipeg Free Press has authoritatively estimated the value of the grain crops of the three prairie provinces at \$1,013,300,000, which is a far larger sum than represented by any previous crop and the bulk of the yield is for export and must be moved expeditiously in the best interests of the whole country.

For some months, therefore, the banks have been checking current loans for other than agricultural purposes but the fact that such loans, which now total \$1,385,000,000 are \$373,000,000 greater than a year ago would indicate that business has not suffered. This is emphasized from the public standpoint by the fact that savings deposits, which total \$1,961,000,000, have only

expanded by \$65,000,000 in the same period. Thus it is evident that to meet the demands of trade, commerce and agriculture the banks have had to look to other sources than the funds of the depositing public of Canada.

The call loans of the Canadian banks in Wall Street are usually the first thing that the critics point to as evidence of the fact that funds are employed abroad which should be at the disposal of borrowers at home. These loans, amounting to \$193,000,000, are slightly higher than a year ago, but it is significant that they were cut down by \$9,000,000 during August and by more than \$16,000,000 in July. This recalling of such funds at the crop season is submitted by the banks as justification of their policy as they point out that in no other field can they make loans which can be called immediately. Call loans in Canada are in fact not call loans in the same sense as they are not immediately available.

The suggestion that Canadian funds are employed in other foreign fields to the disadvantage of Canadian borrowers proves to be a boomerang on the evidence of the bank statement. Loans abroad are only \$147,000,000 as compared with foreign deposits of \$238,000,000, although the latter figure might have to be discounted to some extent on the basis of borrowed funds carried on deposit. Further, attention may be called to the fact that, while foreign loans have increased by \$54,000,000 in the past year, foreign deposits have expanded by \$118,000,000 in the same period.

Other foreign relations do not appear as significant in relation to this discussion. Balances with United Kingdom banks are \$16,000,000 and with foreign banks \$66,500,000, a total of \$83,000,000, while United Kingdom banks have on deposit \$6,500,000 and foreign banks \$42,500,000, a total of \$49,000,000.

\* \* \*

The break in commodity prices has not proven embarrassing to the Canadian banks to any serious degree. Some months ago a general understanding was reached that the

top of the price movement was being reached in relation to public opinion and public buying power and a policy of curtailment of credits for anything like speculative purposes has since been enforced. Transportation is perhaps a more important factor at the moment, not only in relation to the movement of the new crop, but because of delays in deliveries to the consumer of such commodities as timber products which have necessitated extensions of credit at a time when funds would be coming in for seasonal use in moving the crop.

The banks have an arrangement under the War Measures Act, which is still in force, for the raising of special credits by the use of government legals and recourse may be made to this if the steps already taken have not been sufficient to provide funds for the crop movement. However, it is significant that the August bank statement shows that during that month the banks improved their relationship with the government to the extent of reducing their obligations by nearly \$17,000,000. At the same time loans on public securities which include paper on which British government war orders were financed were reduced by over \$800,000. These public securities, which still total over \$200,000,000 have been reduced by \$52,500,000 during the year, while holdings of Dominion Government securities by the banks have been cut down to \$117,000,000, a reduction during the year of over \$156,000,000.



#### JOINS NATIONAL CITY

Vere Brown has resigned from the Canadian Bank of Commerce to become a member of the Committee of Executive Managers of the National City Bank, of New York. He has been superintendent of Central Western Branches since May, 1911, and is well known throughout the West for his leadership in bringing about a better understanding between the farmers and the banks and his interest in perfecting the methods of farming and the development of cattle raising. His articles on "Rural Credits," "The Farmer and the Bank" and many other activities, particularly in Red Cross work during the war, are familiar to all Westerners.

#### "CANADA'S POSSIBILITIES"

The Royal Bank of Canada, which has extended its banking facilities to the United States, has issued a pamphlet containing facts about Canada, in which American corporations seeking new locations are most likely to be interested. "Canada's possibilities" is the title of the publication, and it deals with Canada's industries, finances, government, banking system, and reviews at the same time the opportunities awaiting the investor in the individual provinces of the Dominion.

#### GREAT WEST BANK

While stock in the Great West Bank of Canada has been on the market in Saskatchewan for some weeks, it is in Eastern Canada that the greatest purchases have been made. W. R. Phillips, one of the promoters of the bank, declares that \$1,500,000 has been underwritten to an eastern group of financial men. This stock will be distributed in England, Eastern Canada and the New England States.

#### BANK IN THE RIGHT

Replying to the contention of J. C. Gwynn, liquidator of the Dominion Trust Company, Vancouver, that the Royal Bank has advanced loans without having made complete enquiry into the standing of the company in respect to its real duties, a letter was presented to the court by A. Bull, counsel with Sir Charles Tupper, K.C., for the defendant. This was written under date of November 11, 1913, bearing the seal of the Dominion Trust and enclosing a list of shareholders. The letter showed that legal opinion had been given as to the correctness of the list of shareholders presented to the bank at the time the money was borrowed by the company.

#### COMMERCE STAFF CHANGES

The Canadian Bank of Commerce has announced some important changes in its field of operations. The changes have followed the retirement of Vere C. Brown, who has been superintendent of central western branches since May, 1911. Winnipeg will now become the headquarters of a new and more compact superintendency, which will cover Alberta and the Peace River branches.

The new superintendents appointed are

## Are You Interested in Canadian Trade?

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Foreign Department

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**TORONTO**

Resources over - - - - \$100,000,000.00

C. W. Rowley, over the branches in Manitoba and Saskatchewan, and J. B. Corbet, superintendent of the branches in Alberta and the Peace River district.

### THE BANK OF TORONTO

The Bank of Toronto has opened a branch at 928 College Street, Toronto, just

east of Dovercourt Road, under the management of F. R. LeRoy.

The new branch will be known as the College and Dovercourt Branch.

The bank has established a regular branch at Churchbridge, Sask., under the management of C. C. Eddy, replacing the temporary service formerly given at that point.



## Some Problems of the Mutual Savings Banks

### Results of an Investigation Made by Savings Bank Association

**T**HE Savings Bank Association of the State of New York has been making an investigation of the complaints about mutual savings banks made both by depositors and non-depositors. This is information which it has always been difficult to obtain owing to the unwillingness of depositors to express themselves frankly. Some of the results obtained will prove of interest to readers of *THE BANKERS MAGAZINE*.

"Indifference and a gruff attitude of the personnel," is a reason given by an Italian for discounting his account, and

he went on to say: "I suppose they could make the service as prompt and as courteous as any other banking establishment. They ought to be glad and in a way thankful that I let them have my money. They invest it, give a small part of the profits and keep the rest. Why, therefore, such a cumbersome system, such indifference and that gruff attitude of the personnel? I tell you—you have no idea unless you go through the mill yourself."

Indifference and lack of cordiality were perhaps the most frequent com-

plaints heard, although many criticisms were also made of the slow service and red tape. One depositor stated: "The delay and long waiting are something awful." Some colored depositors complained that no colored clerks were employed by savings institutions in colored neighborhoods.

On the other hand many depositors were found who had no complaints to make and were well pleased with the service rendered.

The experience of an Italian is reported by the Association's Bulletin as follows:

An Italian who had withdrawn his money from a savings bank said: "I felt like a crook every time I went there." When questioned as to why he withdrew his account, he said: "The reason is pure and simple—I got sick and tired of the whole gang." Nevertheless in spite of accumulated instances of indifference, discourtesy and "suspicious looks," he kept his account in this bank from 1913 until February, 1920. When he needed money, he found the impediments so numerous that he used "to go and borrow money from friends instead of getting some of my own." During rush hours this bank never opened an extra window. Once he used the middle initial in his signature and a withdrawal was refused without explanation. He left, greatly puzzled, especially since both he and his father were well known at the institution. The next day after a long wait he withdrew his entire account. Then he deposited his money in another bank, where he was taken into the private office of the assistant secretary, who shook hands with him and talked with him while the formalities of opening an account were gone through. "I felt like

a man," he said. As illustrative of how the methods of one bank reflect wrongfully on other institutions he completed his remarks with this statement: "Well, you will find the same thing in every savings bank."

Another complaint is reported as follows:

One Italian had an experience with a bank evidently due to the inability of the bank employees to understand what he really wanted. He had occasion to require a bond of a surety company, which asked him to secure a certificate from his savings bank to the effect that he was a depositor. He waited in line nearly all day explaining at the various windows what he wanted, but was met with a denial each time. Then he left believing his broken English was the source of trouble. Later in the afternoon he returned with a friend who spoke English well, but met with a similar refusal to give the required certificate. Eventually his persistence obtained the statement, but on presentation to the surety company the latter refused acceptance for the purpose intended. He then went to another bank in which he had a deposit about one-quarter the size of that in the first bank, secured a certificate in a short time, and presented it to the bonding house which accepted the document without hesitation. When asked if he had any suggestions as to how savings banks might improve their facilities, he said: "What is the use of trying to do more, if they cannot do what they are supposed to do, and do it right?"

The Savings Bank Association is doing a constructive work in analyzing these complaints and in taking steps to bring them to the attention of the banks so that changes may be made where feasible.





# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SEVENTY-FOURTH YEAR

NOVEMBER 1920

VOLUME CI, NO. 5

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## Unjust Charges Against the Federal Reserve Board

**H**EATED denunciations of the action of the Federal Reserve Board for its supposed deflation of credit do not take the facts into consideration. There has been no deflation in the sense that credits have been largely reduced or reduced at all. In the last year rediscounts of the Federal Reserve Banks have increased by at least a billion dollars while the Federal Reserve notes outstanding have increased by half that sum. In the same period the loans of the New York banks remained about stationary, though the banks of the country as a whole expanded their loans quite materially.

Referring to this matter recently in a letter addressed to Senator Owen, the Governor of the Federal Reserve Board, Mr. Harding, said:

“I acknowledge receipt of your letter of the 21st instant, which will be brought to the attention of the Federal Reserve Board at its next meeting for such reply as it may wish to make.

“As you refer to the distressing effect of the so-called ‘policy of deflation’ adopted by the board in its relation to farmers, the manufacturers and the business men of the United States, I think the board will be interested, before it replies to your letter, in knowing just where the deflation you refer to has taken place. All reports which have been made to the board by member banks, as well as the reports made daily by Federal Reserve Banks, show that there has been a very considerable and constant increase in the volume of loans and Federal Reserve notes outstanding throughout the entire year.”

What has been done since last spring, when the policy of credit restriction was inaugurated, has been in the nature of checking the rate of expansion, which was then considered dangerous, and rightly so.

The Federal Reserve Board acted prudently in seeking to im-

pose a brake upon inflation, and the results of its efforts have been beneficial, though not without much inconvenience. But deflation, in the sense as popularly used, has not been brought about. Nor have the Federal Reserve Board and the Federal Reserve Banks been unmindful of the needs of large amounts of credit for crop moving. If the speed of expansion had not been reduced when it was, the complaints about the lack of crop-moving funds would be much greater than they now are, for the credit tension would have been far more severe.



## The McFadden Gold Bonus Bill

**I**N a report presented to the convention of the American Bankers Association by a committee consisting of Geo. M. Reynolds, Lawrence E. Sands, and A. Barton Hepburn, strong opposition is expressed to the McFadden Bill providing for a tax on gold used in the arts, the proceeds of the tax to be applied to a bonus on gold production. As the proposal has attracted considerable attention, the main points of the committee's report, presented below, will be found of interest:

"The McFadden Bill, so-called, provides for a tax of fifty cents per pennyweight of fine gold for all gold manufactured, used or sold for other than coinage or monetary purposes, including jewelry and other purposes of ornamentation and dentistry (with some exceptions for children and charity cases). The bill provides further that out of the funds thus collected and 'any other funds in the Treasury of the United States not used for specified purposes' there shall be paid a bonus to the producers of new gold in the United States of \$10 per fine ounce down to May 1, 1925, and that thereafter both the tax and the premium shall be readjusted annually by certain Government officers in accordance with the commodity price index number, as determined by the Bureau of Labor Statistics. The tax and the premium are both to rise or fall after May 1, 1925, according as the index number rises or falls.

"In behalf of the bill it is argued that the general increase in prices and wages in the United States has raised the cost of gold production, while the price of gold is fixed at \$1 for every 23.22 grains of fine gold; that as a consequence of the fixed price and rising costs the profits of gold production are cut and the mines where low grade ore is worked are in some cases being forced to close, with the result that gold production in the United States, which stood at about \$89,000,000 in 1913, was cut to \$58,488,000 in 1919—a reduction of around \$30,000,000—whereas the indus-

trial consumption of gold, which stood at about \$45,000,000 in 1913, increased to over \$80,000,000 in 1919. The result is that whereas we had a large surplus for monetary purposes in 1913, we were obliged to draw on our monetary stock of gold for industrial purposes in 1919 to the extent of about \$22,000,000.

"It is urged that this consumption of gold money for industrial purposes, cutting into our gold reserve, constitutes a national emergency, and that a measure both to reduce the industrial consumption of gold (by taxation) and to increase the production of gold (by a bonus) is called for.

"It is further argued that if relief is not given to gold miners by some such measure some gold mines will be abandoned permanently, particularly the deep mines which will fill with water and other mines where timbering will deteriorate to such an extent that the mines will become unsafe for operation.

"It can hardly be contended that the loss of \$22,000,000 of gold per year from our monetary stock of around \$3,000,000,000 constitutes a national emergency. When the gold embargo was removed the United States had the largest gold supply of any country in the world's history, a supply so abnormally great that every banker and economist knew that it could not be permanently held, and practically all students were agreed that it was desirable that a substantial part of it should leave the country. Its presence made possible an over-expansion of credit in the United States and the outflow which has since taken place of three or four hundred millions has actually made our situation far safer than it was, by imposing a check upon credit expansion.

"The best banking opinion of the country looks forward to a progressive and far-reaching contraction of our credit fabric and regards it as the only alternative to such a disastrous disruption of the credit system as Japan has recently seen. The proper course to take is not by artificial methods to seek to expand the gold basis of our credit system, but rather to contract the superstructure of credit to a point where it can be safely maintained under conditions of a normal distribution of the world's gold supply. The problem of gold production is an international and not a national problem. Our national stock of gold is dependent, not upon the difference between gold production and gold consumption in the United States, amounting to a few tens of millions, but rather upon the world-wide consumption and production of gold, and upon the course of international trade.

"If at any time the banking situation calls for more gold in the United States, we can purchase it in the international gold markets far more cheaply than we can obtain it by the doubtful method of an expensive bonus on new gold produced in the United States, which could at best make a difference of only two or three

tens of millions per annum. Gold imports and exports of the United States in the first four months of 1920, running between two and three hundred million dollars, were far more significant than any difference that could be made by the gold bonus plan in our stock of gold would amount to in several years.

“Again, the provisions in the McFadden Bill introducing the index number of commodity prices as a basis for fixing the rate of taxes on gold manufacture and of premium on gold mining constitutes an opening wedge for the general introduction of the index number as a standard of value in the United States in accordance with Professor Irving Fisher’s plan for ‘Stabilizing the Dollar?’ \* \* \* Your committee believes in the gold standard and does not believe in tampering with it or interfering with it in the present critical condition of the world’s monetary affairs. There is, moreover, another committee of the American Bankers Association, which is to make a detailed report upon the project. We shall content ourselves, for the present, with pointing out that if this index number standard is to be adopted it should be considered on its own merits and not introduced ‘by the back door’ as a feature of the McFadden Bill.

“The greatest objection of all, however, lies in the danger which this measure would involve the gold standard itself. Nearly all of the European states are on a paper basis. Only a few of the smaller countries of Europe are even approximately maintaining the gold standard. The United States, and Japan as well, stand out conspicuously as nations maintaining the gold standard. All the world believes that our dollars are as good as gold. All the other nations of the world are struggling and hoping to get back to the gold standard. We enjoy a proud pre-eminence in this respect, and it should be zealously guarded and maintained. The belief which obtains in the world today that our dollars are as good as gold must be maintained. The whole world must be convinced that money can be deposited in this country at any time and withdrawn at any time in any form which the depositor may elect.

“Offering to pay a premium for the production of gold in this country, instead of strengthening our position would weaken it. Instead of assuring the world that the gold standard would be maintained by the United States, it would raise a doubt. Public sentiment throughout the world would at once assume that our position is weak, that we are in danger of going on a paper basis, and that it is in order to guard against this, we regard it as expedient to pay a premium on the production of gold.

“Great Britain, with far greater difficulties than we are facing, has resolutely refused to do anything of the sort in reply to the petition of her South African gold miners. Unable to maintain

the gold standard in its integrity, she has frankly permitted an open gold market in which the depreciation of her paper money could be measured. The so-called 'premium' on gold in London represents not a real premium on gold bullion in standard gold coin, but rather merely a 'discount' on British paper money.

"Action of the kind proposed by the United States would be a red flag to the commercial world. The passage of the McFadden Bill, instead of strengthening confidence in the position of the United States, would weaken it. It would be considered as a confession of weakness. The McFadden Bill should be opposed by every well-wisher of this country's credit and commercial and financial prosperity."

Mr. McFadden, who is chairman of the Banking and Currency Committee of the House, has made a lengthy rejoinder to the committee's reports, from which the following extracts are taken:

"The general increase in all commodities was 112 per cent. in 1919 as compared with 1914, and, had gold not been fixed in price so that it could have responded to the law of supply and demand, the price of gold would have at least risen to the general average of all other commodities. Industrial consumers of gold therefore profited by a subsidy of \$65,500,000, or 112 per cent. of the price paid, \$58,500,000, for the newly produced gold which they consumed during 1919. The payment of the excise proposed upon the sale of the manufactured article containing gold will enable the industrial consumer of gold to pay more nearly the cost of production for his raw material, although he will still be subsidized in being able to obtain his metal at a price equivalent to less than half of the general average increase of all other commodities in the United States.

"As compared to 1914, the purchasing power of the dollar in terms of all commodities in 1919 was 47 cents. The gold producers' ounce in 1914 had a purchasing power of \$20.67; whereas during 1919 the same ounce could purchase in terms of all commodities but \$9.70. Since the price of gold has been arbitrarily fixed by statute at \$20.67 an ounce, the gold producer is in the same position as a person who received the same income in 1919 as in 1914 and finds that a \$2,000 income has shrunk in purchasing power to \$970. This is the principal reason for the decline in the gold production from \$101,000,000 in 1915 to less than \$50,000,000 this year.

"Were it not for the fact that the Government has arbitrarily fixed the price of gold, in which event the law of supply and demand does not operate, it would not be necessary to consider compensating the gold producer for a part of the decline in the purchasing power of the dollar which has taken place the last four years. The pre-

mium to be paid to the gold producer, based upon the new ounce of production, cannot be construed as a bonus or subsidy for the above reason.

"Most of the wage increases that have been allowed by various industries and the increases in transportation rates, carfares, and for municipal gas and electric services throughout the country have been based upon the increase in commodity prices or the decline in the purchasing power of the dollar. The products of all other industries, except that of the gold mining industry, have been automatically increased in price during this period, so that the cost of production is fully covered, together with a profit, by which alone future production of such commodities may be assured.

"If we are to maintain the normal gold production of the United States, it will be necessary to take this into consideration. Gold is the only product, because it is fixed in price, that has not been able to respond to the law of supply and demand, and special provision must be made if we are to keep the gold production of the country from vanishing altogether.

"The committee makes a statement with reference to the effect of gold production as follows: 'Increased gold production in a period of low prices and low costs makes it easier for prices to rise again, while diminished gold in periods of high prices and high costs tends to reduce prices and costs again.' This is not borne out by facts. The gold production of the world has declined from \$469,000,000 in 1915 to \$350,000,000 in 1919, a reduction of 25 per cent. in the last four years, and yet prices throughout the world have risen enormously. Commodity prices in this country continued to increase between May 1, 1919, and May 1, 1920, notwithstanding the loss by excess exportation from the United States of \$445,000,000 in gold, or 14½ per cent. of the highest gold stock ever possessed by this country. Furthermore, during the period when the gold reserves of foreign nations were being greatly reduced by what they sent to this country, their prices advanced even more rapidly than those in this country. This indicates that the reverse of the committee's observations is true, that the depletion of gold reserve at a time when currency is rapidly expanding is mainly accountable for accentuating the increase in prices.

"The degree of inflation is measured by the ratio of the gold reserve to the volume of the circulating media, and it must be apparent that an increase in the gold reserve without an increase in the circulating media would reduce the degree of inflation. It must also be evident that the effect on prices of the supply of gold in active circulation is relatively small compared with that of the credit currency based on gold which is not 'free,' but locked up by the Treasury and Reserve Banks and used indirectly as the basis for a larger volume of currency. If this gold were really free and

circulating, it could not be so used. The true remedy for inflation is to return the gold to circulation, from which it has been so greatly withdrawn as the basis for inflation. Of the total gold stock of the United States, which amounted on October 1, 1920, to \$2,704,672,504; \$2,003,072,000 was held as the gold reserve of the Federal Reserve System, and thereby was tied up by the Federal Reserve Act, 35 per cent. against net deposit liabilities and 40 per cent. against the note liabilities of the Federal Reserve Banks. After satisfying the reserve requirements of the net deposits, there was on October 15, 1920, a gold cover of 46.6 cents for every Federal Reserve dollar note in circulation, of which there were \$8,853,271,000. The gold cover on October 15, 1920, of the Federal Reserve note was but 6.6 cents per dollar above the amount required by law, which is closer than conservative financiers would like to see it.

“While the committee has urged that deflation is the only remedy for the economic pressure to which the gold mining industry is subjected, it is evident that any process of deflation must be so gradual that it will not restore the purchasing power of the dollar in time to save the industry from complete destruction. Particularly in view of the fact that Congress has fixed the price of gold, it seems that Congress has now the power to stimulate the production of gold by creating machinery whereby the consumer of gold in the industrial arts may pay more nearly the cost of production for his raw material, thereby enabling the producer of new gold to increase his output to meet the industrial requirements of the arts and trades, and protect the monetary gold reserve from further industrial depletion. The Government should legislate to stimulate the domestic gold supply and thus relieve the strain, and send into the currents of industry the invigoration of this new gold. The process of deflation in order to serve as a solution to the gold problem would have to take place so rapidly that it would paralyze the entire industry of the country. It cannot be that the committee would want to see deflation take place so rapidly.

“The committee has stated that a loss of \$22,000,000, occasioned by the increased industrial consumption of gold over the production of new gold, is a very small item to the monetary gold stock of the nation. In the opinion of the committee, no doubt, the \$80,000,000 in gold that was withdrawn from the United States Mint and Coinage and used for industrial purposes during 1919, was also an excessively small amount, notwithstanding that the metal was entirely diverted from monetary use.

“The gold dollar in the vaults of the Federal Reserve Banks may serve as the basis of deposit liabilities of \$2.50, and these deposits to the credit of a member bank may in turn serve to enable credit extension by that bank of anywhere from 7½ to 14 times

that amount or, say, \$19 to \$35. With reserves close to the legal minimum, therefore, every million dollars of gold lost to the monetary gold reserve means forced credit contraction of at least twenty millions.

"The \$80,000,000 withdrawn for industrial consumption during 1919 would therefore be equivalent at the least estimate of a contraction in the credit structure of the country of \$1,600,000,000.

"The reference made by the committee to the use of the index number in the bill, as a means for adjusting the excise and premium as being similar in its application to the plan of Professor Irving Fisher for stabilizing the dollar, shows a marked lack of knowledge concerning his proposal. The index number as used by Professor Fisher would lessen or increase the number of grains in the standard dollar from time to time, a fundamental change in the gold standard, while the index number as employed in the bill in no way changes the number of grains in the standard dollar and is used merely as a basis of comparison in order to equitably adjust the cost and price equation between the producer of new gold and the consumer of industrial gold. As used in the bill, the index number has also been used for many years as a basis for regulating wages and for adjusting costs.

"It is fundamental to the re-establishment of the gold standard as the basis of world intercourse that gold mining should go on at something like its normal rate. This requires that prospecting, exploration and development shall be carried on continually and that the industry shall invite investment upon terms fairly competitive with other industries. Gold mining under modern conditions is not an industry into which or from which capital can readily be shifted. It takes a long time to find and develop a good gold mine. It is not a casual industry which can be suspended and resumed without serious interference with the volume of production. A considerable portion of the output always is obtained on a small margin of profit, and if such operations are suspended and the mines fill with water, they are likely to be abandoned permanently. The gold mining industry, which has so greatly shut down in the last four years, will be completely shut down unless constructive aid is provided without delay, in which event it will take years to develop a normal output of gold at a very much greater expense. To allow the gold mines of the United States to cave in and fill with water entails a waste of developed gold resources, which in a most critical hour of financial need will cause want.

"Far from being a danger to the gold standard, the enactment of this bill will protect the monetary gold reserve and will greatly assist in retaining the gold standard during the present period of credit restriction accompanied by declining prices. The continued depletion of the gold stock by excess exportation and industrial



use will force a rapidity in deflation which will seriously impair the public confidence in the nation's finance and currency unless a normal gold output is maintained."



## Literary Activities of Bankers

**F**ROM a rather unexpected quarter comes a protest against some of the literary activities of bankers. A committee of agricultural representatives recently in session at Washington made this statement:

"The committee insists that the Federal Reserve officers and officers of the Treasury Department shall discontinue and desist from issuing statements of their opinion as to prices and their attitude toward the trend of commercial events."

The Federal Reserve Board and some of the Federal Reserve Banks deem it advisable to issue extensive monthly reports giving facts and figures regarding trade, industry and finance, with more or less of opinion or interpretation of these facts. Members of the Federal Reserve Board and officers of some of the Federal Reserve Banks seem to attach rather unusual importance to their views, judging from the efforts made to get them before the public.

The American Bankers' Association and a number of the state bankers' associations get out regular magazines for bankers, and several of the larger banks render a similar service for their customers. Pamphlets relating to domestic and foreign trade are also issued at frequent intervals.

No one questions the value of much of this information, though a good deal of it is mere duplication of what is being done by the Government and the newspapers.

It is questionable, however, whether the banks are justified in venturing out of the realm of banking into that of the publishing field. This is said with a full realization of the broadening tendency of banking in these days. In some cases, no doubt, the bankers render their customers a service by collating and publishing trade information, but with so many channels of publicity open the cases of this sort may not be sufficiently numerous to justify the expense and labor involved.

But aside from this, publishing and banking do not make a good combination, generally speaking. You may have noticed that some of the greatest bankers this country has produced were never noted for their much speaking or writing. This is a fact which the banker tempted to give vent to his literary proclivities may ponder over with some profit.

## Non-Progressive Character of the American Bankers Association

**I**T is with reluctance that THE BANKERS MAGAZINE feels constrained to perform a painful duty in calling attention to some incidental remarks contained in the report of the committee on resolutions as presented to the recent convention of the American Bankers Association held in Washington.

Refusing to subscribe to the progressive ideas which characterize the new day, this report, with an inexplicable perversity, boldly committed itself to an approval of "the copy book, the arithmetic tables, and the ten commandments."

Strangely enough, the promulgation of such outworn ideas was allowed to pass in silence. Perhaps the delegates were too stunned to enter a protest; perhaps they concluded that anybody who advocated such antique ideas was hopelessly beyond the reach of human admonition.

How can a case be made out for the copy book in these times? A copy book, if memory fails not, was a long flat sheaf of spotlessly white paper, some of the spaces being filled with pothooks and curlicues of various kinds, which had to be laboriously copied for hours, days and weeks, in the hope that some day the patient toiler might be rewarded by the ability to write in the Spencerian script with which other pages were faultlessly adorned, such mottoes as this, "Procrastination is the thief of time." Who writes like that now? Not the bankers, surely. They can make a scrawl supposed to represent their signature; but it is so badly written that no one can make it out, except when repeated in typewriting. The typewriter has made handwriting practically useless, and the support of the copy book is therefore indefensible.

But, as if this evidence of backwardness were not enough, the committee must needs further advertise its mossback proclivities by upholding those sums of all infamies, the arithmetic tables. As if they had never heard of the adding machine!

It is difficult to speak with proper restraint of the pronouncement of the committee in favor of some ancient counsels of perfection referred to as "the ten commandments." As this literature is some thousands of years old, nothing further need be said of its lack of freshness and adaptability to present-day needs. Surely, the American Bankers Association cannot expect its members to be governed by anything so hopelessly archaic. From these maxims, which have the sanction of antiquity, let us take a single example. "Thou shalt not covet thy neighbor's wife . . . nor his maid servant nor his man servant." Now, the committee must have known that this does not accord with modern ideas of marriage.

Easy divorce laws have made the coveting of the wife of one's neighbor a common pastime, and the remarks about coveting servants are certainly too strong for anybody to swallow in these days, when people are actually afraid to have friends meet their servants for fear that they will take them away.

If the American Bankers Association wishes to keep the respect of its membership, it will scrap such outworn ideals as "the copy book, the tables of arithmetic and the ten commandments," and go in for the Plumb plan, the democratizing of industry, and the "stabilized" dollar.

## The New Administration

**T**HE result of the November election was not surprising, for there seemed to be a general feeling that the tide of opinion was running against the party in power. This fact was due to a number of circumstances, but may be chiefly attributed to the belief that President Wilson had shown a lack of tact in handling our international relations. His failure to get the Peace Treaty and the League of Nations approved by the Senate was attributed by his friends to partisan opposition in the Senate; his opponents charged the failure to the President's stubbornness. Without attempting to decide which of these views was the correct one, it is clear enough that the public realized that a deadlock had been reached, and concluded that the best way to end it was by a change of administration. This seems a fair deduction from the outcome of the November election.

Senator Harding will doubtless, in due course, formulate a definite policy for dealing with the Treaty and the League of Nations proposal. It is hoped that we may soon reach a degree of accord with our late Allies which will enable us to cooperate with them in all practicable ways, consistent with our own interests and traditions, in the work of reconstruction and the restoration of trade.

The country will be immensely benefited by a cessation of much of the angry partisanship which has prevailed of late. We need to have a full restoration of the powers of Congress in conducting the affairs of the Government. We need less interference by the Government with legitimate business, and beyond all we need an efficient and economical Administration at Washington.

## Comptroller Williams and the New York Banks

ON the very day that the Forty-sixth Annual Convention of the American Bankers Association assembled in Washington, the Comptroller of the Currency, John Skelton Williams, came out in the newspapers attacking the New York banks for the high rates which they have recently exacted for call loans. Mr. Williams is the supervising officer of the national banks. He is also, by virtue of his office, a member of the Federal Reserve Board. These positions, together with the additional fact that Washington was acting as host to some 3,000 or 4,000 bankers, might have deterred those of more delicacy than Mr. Williams seems to possess from making the attack in question, or at least would have caused it to be postponed to a more opportune time.

But if the Comptroller's aim was to secure the widest possible publicity for his attack, it was well timed.

Here are some of the statements and charges which the Comptroller makes:

"Power to fix money rates for all or nearly all of the banks in New York city," the Comptroller declares, "and to change them daily is a grip on the heart of our commerce. It permits such interferences as fallible human judgment, whim or interest may direct with the natural and orderly movements of money, the life-blood of business.

"The evils and dangers of such methods could be recited indefinitely. They reach to the remotest corners of the Union and its possessions, and touch harmfully every class of people. The direct tendency is to reverse one of the fundamental purposes of the Federal Reserve Act, which is to promote orderly distribution of money through the country to meet the needs of commerce and agriculture. Excessive interest rates offered in New York artificially draw money away from outside communities through their banks, and often leave legitimate enterprises starved or pinched while feeding speculative movements.

"The effect of these rates is seen when the general managers or executives of railroads or other large corporations visit New York to raise money necessary for the redemption of retiring loans or for the extension and promotion of new business. The bankers and bond houses solemnly point to the high rates paid for call money, and corporations whose credit abundantly justified a five per cent. or six per cent. interest basis have been forced to pay seven or eight or ten per cent. on loans for one year to ten years, and are sometimes persuaded by the bankers through whom they obtain the funds that they are doing well to get money on such terms.

"The same cause that cripples and hampers a great railroad system or a municipal government also deprives and injures or ruins a country storekeeper, a small farmer or the owner of a large or little manufacturing enterprise."

The Comptroller's figures, taken from sworn statements made to his office by the New York banks, show that between October 1, 1919, and August 1, 1920, 4,000 loans for a total of \$600,000,000 were made at rates of fifteen, twenty, twenty-five and thirty per cent. per annum.

"The records also show," says the report, "that the total loans outstanding upon which interest at fifteen to thirty per cent. was being charged by a portion of these banks on forty-two different days aggregated \$1,100,000,000." The amount of loans made during the same period at rates in excess of ten per cent. and up to fifteen per cent. is reported as approximately \$900,000,000.

"It appears that every business day a coterie of brokers, members of the New York Stock Exchange, get together for consultation on the floor of the exchange, or by telephone, and determine what, in its view, is the proper rate for the renewal of all street or brokers' call loans for that day. As soon as the rate is agreed on, the president of the Stock Exchange is notified and the rate is posted on the floor of the Stock Exchange. This rate is then sent over the ticker to all the banks in New York city and these banks thereupon mark up or down, as the case may be, the rate of interest upon practically all their Wall Street or so-called brokers' loans. Some banks take the precaution to notify their customers by card, sent by mail or otherwise, of the change in rate, while others do not."

The foregoing statement appeared in the morning newspapers of October 18. Four days later the Comptroller issued a supplemental statement, in which he said:

"In my previous statement I showed that the aggregate of these demand or call loans secured by bonds and stocks handled by the New York banking institutions for their own account and for account of their correspondents, upon which interest rates varying from seven per cent. to thirty per cent. have been charged, has probably averaged throughout the past year more than one billion dollars.

"The assertion by anonymous critics that the exorbitant interest rates were rare and applied to insignificant sums will not weigh against official reports made to this office under oath. We find, for example, one national bank declaring that loans made by it in the period covered by my statement at rates in excess of ten per cent. per annum aggregated \$448,000,000, including \$186,000,000 (1426 loans) at rates of fifteen per cent. and over. On a certain day

within the period, another bank reported that on loans for itself and correspondents it was charging fifteen per cent. on \$55,895,000, and eighteen, nineteen and twenty per cent. on \$3,600,000 additional. The same bank admitted exacting on another day eighteen per cent on \$57,183,000, twenty per cent. on \$1,400,000, and twenty-five per cent. on \$14,055,000. On three days early in January the amount on which this bank was charging eighteen per cent. exceeded \$63,500,000.

“Another New York national bank reported that it was charging on a certain day, on loans made for its account, sixteen per cent. on \$23,500,000, while two days previously it was loaning at fourteen per cent., \$27,100,000, and at sixteen and eighteen per cent., \$315,000 more; another day this bank reported that loans at seventeen to twenty per cent. exceeded \$17,000,000. On December 31 last, the same bank made eleven new loans for over \$2,000,000 at twenty-five per cent., and on January 2 it made fifty-three new loans aggregating \$10,000,000 at fifteen per cent., in addition to some millions already out at fifteen per cent.

“Still another bank reports that on a particular date during the past year it was charging on loans for its own account, twenty-five per cent. on \$2,150,000, thirteen per cent. on \$300,000, fifteen per cent. on \$10,900,000. On another date the same bank was charging twenty-two per cent. on \$2,000,000 and eleven to sixteen per cent. on \$8,200,000 additional, with other loans at the same time bearing seven, eight, nine and ten per cent. This particular bank has through this period been lending, as have other banks, many millions more at exorbitant rates for correspondent banks. The foregoing figures relate to only four of the thirty-four national banks in New York city, and they are matters of record.

“It is of interest to the public that most of those New York banks, a few of whose loans are given above, while lending at these very indefensible rates, sometimes twenty-five and thirty per cent., were being accommodated at the same time at four and one-half to six per cent. by the Federal Reserve Bank of New York with sums as great or greater than their loans recited above. They were, therefore, occasionally charging borrowers twenty to twenty-five per cent. more interest than the rates they paid the Reserve Bank.

“The amount actually collected for interest and discount by the thirty-four national banks in New York city for the six months ending June 30, 1920, exceeded all previous records, and amounted to approximately one hundred million dollars (\$100,000,000), which was nearly fifty million dollars (\$50,000,000), or nearly ten per cent. in excess of similar receipts for the corresponding period in 1917.

“In February last, the ‘renewal’ rate in New York city for the

whole month averaged above ten per cent. This was more than double the normal average for call money.

"While nearly every national bank in New York city has admitted that its rates on the so-called 'street' or 'brokers' loans are marked up or down automatically from day to day according to fluctuations of the call money rate, yet reports from some banks show a marked discrimination and that they exact on some of the well secured loans rates considerably in excess of the so-called daily 'renewal' rate, while other banks adhere quite closely to that rate.

"As to the large amount of call loans held by national banks for account of correspondents (over \$500,000,000) it may be of interest to state that the New York banks, for their services in handling these loans, make varying charges—sometimes a fractional commission is charged; sometimes, in view of the deposit balances carried, no charge is made; while at other times, the New York bank and its outside correspondents divide evenly the interest collected in excess of six per cent. per annum.

"New York, as I have stated before, is the only city of any importance in the world where such interest rates as these exist or are tolerated. They have, in my opinion, been most costly to the entire country and cannot be justified on any basis of economics or ethics."

There are one or two points in this somewhat ancient controversy which are of interest.

In the first place, is the rate of interest on call loans actually "fixed" by a small coterie of brokers?

A thermometer does not fix the temperature, but merely records it.

Is not this the case with the call loan rate?

The New York law permits a rate higher than the ordinary legal rate of six per cent. on demand loans secured by collateral in amounts of \$5,000 and upwards. Thus the borrower for speculation, for investment, or for temporary business purposes, who cannot obtain loans at the rate the law permits may bid higher—high enough, in fact, to obtain the desired loan.

Presumably, the rate goes up from time to time until it proves attractive to those who have funds to lend.

Does anybody suppose that if the call money rate should be named at a rate where it long ruled—that is, far below the rate for time commercial loans—there would be any funds obtainable under present conditions?

Mr. Williams, in his burning zeal to make out a case against the New York bankers, is not fair. He lays heavy emphasis on the high rates the banks are now charging on demand loans, but

he fails to state that often in former times these rates have ranged far lower than the rate on time commercial loans.

If the New York banks are to be censured for "fixing" the demand loan rate at a high figure now, why should the Comptroller not praise them for "fixing" the rate heretofore at a low figure?

Their sin in one case was their virtue in another, or the Comptroller's case breaks down.

Actually they did not fix the rate in either instance. They declared the rate, in obedience to the law of supply and demand.

And, again, if the object of the present somewhat restricted credit policy is to check both speculation and investment, why should a high call rate, which serves that purpose, be condemned?

As has been pointed out, the call rate is generally lower than the time rate, so why should not each class of loans take its turn?

THE BANKERS MAGAZINE long ago contended that the Federal Reserve Act would not prevent the use of funds for "Wall Street" purposes, but would rather make possible an increase of such operations. Banks can rediscount their commercial paper, and transfer the proceeds to New York to be loaned at the high rates. That some of them are doing this appears from the Comptroller's statement. This represents an imperfection of the rediscount system, and illustrates the principle of mixed good and ill which runs through most human institutions.

Would not there be some curtailment of the surplus funds available for lending in New York if the Federal Reserve notes were subject to the test of daily commercial redemption in gold? So large a fixed volume of paper money as we now have, especially when it may be used as reserves by state banks, encourages banks to send their surplus funds away to be lent where the highest rates are obtainable.





# Trust Departments in National Banks

By Clay Herrick

This is the first of two articles on this timely subject by the author of "Trust Companies; Their Growth and Management." The two articles will subsequently be published in pamphlet form.—EDITOR.

**P**RIOR to the beginning of the World War, considerable discussion was in vogue in banking circles as to how far the trust companies were going to encroach upon the field of commercial banks. For some years the tendency in State legislation had been towards granting very full banking powers to trust companies, and in several states trust companies possessed exactly the same banking powers as the State banks—which were the same as those of National banks, with the exception of note issue.

Within the last six years conditions have been reversed, and the trust companies may well wonder how far the National banks are going to encroach upon what had formerly been the peculiar field of the trust company.

The Federal Reserve Act as amended September 26, 1918, empowers the Federal Reserve Board to grant by special permits to National banks, when not in contravention of State or local law, the right to act in certain specified fiduciary capacities or in any fiduciary capacities in which trust companies or State banks are permitted to act under the laws of the State in which the applying National bank is located. All bankers and trust company officials have known of this amendment and most of them are aware of the fact that National banks have been availing themselves of this privilege. To those who have not followed the matter with special interest, however, it will doubtless be something of a revelation to know how large a number of National banks have been granted trust powers, and how great has been the increase, in six years, in the number of institutions in this country authorized to do a trust business.

The annual report of The Federal Reserve Board for the year 1919 shows that up to December 31, 1919, fiduciary

powers had been granted to ten hundred and seventy-three (1073) National banks. During the six months from December 31, 1919, to June 30, 1920, one hundred and fifty-four (154) more such permits were granted, so that up to June 30, 1920—less than two years after the passage of the amendment which really made this clause of the Federal Reserve Act fully operative, permits to act in fiduciary capacities had been granted to twelve hundred and twenty-seven (1227) National banks. When it is remembered that the total number of trust companies in the country, including some that do no trust business, does not exceed twenty-three hundred (2300), it is evident that the number of financial institutions authorized to do a trust or fiduciary business has thus been increased by considerably over fifty per cent. This does not take into consideration the number of State banks which have applied for and received authority to transact trust business, several of the States having passed legislation permitting their State banks to undertake this business because of the fact that National banks had been empowered to do so.

## DISTRIBUTION OF PERMITS

The demand for these permits has come from all parts of the country, every State being represented, and every Territory except Porto Rico; Alaska and Hawaii each having one National bank with trust powers. The number of permits granted to National banks in each State is shown in the attached table. New York leads with 119 permits, Pennsylvania being a close second with 115 permits; but it will be noted that most of the States are well represented, and that there is no part of the country in which the National

banks do not appear to value their privilege. States in each of which permits have been issued to fifty or more National banks include, besides New York and Pennsylvania, Illinois, Indiana, Iowa, Massachusetts, New Jersey and Ohio; and from twenty-five to fifty such permits each have been issued in Colorado, Connecticut, Kentucky, Michigan, Missouri, Texas, Virginia and Washington. There are then sixteen States in each of which twenty-five or more National banks are now empowered to transact a fiduciary business. The number of permits in the several Federal Reserve Districts were as follows:

DISTRICT	
1	126
2	170
3	110
4	91
5	74
6	60
7	193
8	80
9	60
10	129
11	58
12	76

#### CHARACTER OF POWERS GRANTED

Of the permits granted up to December 31, 1919, about forty per cent. carried the right to act in any fiduciary capacity in which trust companies in the same States may act. Of the specific powers granted, that of Trustee was included in all but about fifty of the 1078 permits. Over nine hundred National banks received authority to act as Executor and Administrator. Less than half applied for power to act as Registrar of stocks and bonds, while on the other hand about fifty applied for that power only. Other specific powers granted included those of guardian of estates, assignee, receiver and committee of estates of lunatics. It is evident that a great majority of the National banks which have obtained such permits are clothed with authority to enter upon the field of trust business as fully as may the trust companies in their several States. There is naturally much variety in the amount of vigor with which different National banks go after this business, and some of them are as yet making little effort. A considerable

number, however, have already undertaken active campaigns for trust business, and their advertising matter for this department, in newspapers, printed circulars and personal letters, is quite similar to that of trust companies. One of the National banks in New York City has already arranged for larger quarters necessitated by the rapid growth of its trust department.

Number of permits to exercise fiduciary powers granted to National banks in the several States to June 30, 1920, inclusive.

Alabama	16
Alaska	1
Arizona	3
Arkansas	12
California	22
Colorado	37
Connecticut	32
Delaware	5
District of Columbia	2
Florida	11
Georgia	15
Hawaii	1
Idaho	8
Illinois	56
Indiana	71
Iowa	62
Kansas	21
Kentucky	27
Louisiana	5
Maine	10
Maryland	11
Massachusetts	66
Michigan	25
Minnesota	24
Mississippi	5
Missouri	30
Montana	9
Nebraska	11
Nevada	1
New Hampshire	16
New Jersey	58
New Mexico	9
New York	119
North Carolina	8
North Dakota	5
Ohio	52
Oklahoma	20
Oregon	15
Pennsylvania	115
Rhode Island	1
South Carolina	11
South Dakota	14
Tennessee	12
Texas	48
Utah	2
Vermont	11
Virginia	33
Washington	26
West Virginia	13
Wisconsin	18
Wyoming	21
Total	1227

#### OPPOSITION TO GRANTING OF PERMITS

Naturally enough the plan of extending fiduciary powers to National banks has met with considerable opposition and technical difficulties in various quarters. There arose at once the question of conflict between State and Fed-

eral law; for the statutes of many of the States expressly forbade the exercise of fiduciary powers by any corporation not duly incorporated under the State laws relating to trust companies.

In many States the laws require that the trust companies, before accepting trusts, must make a deposit of cash or securities with the State authorities as security for faithful performance of their duties. When National banks which had received authority to transact trust business offered to make such deposits, State officials were uncertain whether or not the State law authorized them to accept the deposits. Some Attorneys-General, as in New York and Wisconsin, rendered opinions that it was not lawful to accept the deposits; while in Missouri the official opinion was that the acceptance of the deposits was both legal and obligatory.

Another question which has arisen is that of the right of an authorized National bank to use the words "Trust Company" as part of its title. This question was disposed of in a case before the United States District Court of Missouri in March, 1920; the Court holding, in effect, that a State law which would prohibit a National bank duly authorized to do a fiduciary business from using these words as part of its title would be in direct conflict with the paramount law of the United States as contained in the Federal Reserve Act and sustained by the decision of the Supreme Court of the United States referred to later in this article.

Since the passage of the Federal Reserve Act late in 1913, granting to National banks the right to acquire limited fiduciary powers, numerous bills have been enacted by State legislatures with reference to the various questions involved in this step of the Federal Government. Several legislatures passed laws making it unlawful for National banks to exercise trust powers within the States which they represented. In other States the lawmakers were disposed to deal more kindly towards National banks which wished to exercise trust powers. But it has

been only since the question was passed upon by the highest judicial authority in the nation that State legislation have begun generally to enact laws specifically recognizing the rights of National banks in this respect; and such legislation is still lacking in many States.

The essential question, involving directly or indirectly many other possible questions, is whether or not a permit to a National bank to exercise trust powers, such permit having been given by the Federal Reserve Board under authority granted by the Federal Reserve Act, is valid and enforceable notwithstanding the fact that the laws of the State expressly or impliedly forbid the exercise of such powers by any corporation not duly incorporated under the State laws and endowed with such powers by the State. This question was early put to the test and has apparently been definitely decided. In June, 1915, proceedings were instituted in the Supreme Court of Michigan, on behalf of the trust companies of the State against the First National Bank of Bay City, which had been granted a permit to exercise fiduciary powers. In this action the Federal Reserve Board was granted right to file a brief. The decision of the Court, handed down in September, 1916, was adverse to the National bank; and the case was carried up on appeal. On June 11, 1917, the Supreme Court of the United States handed down its decision, reversing the lower court, and sustaining the constitutionality of section 11 (K) of the Federal Reserve Act, this being the section which granted fiduciary powers. In its opinion the Court went beyond the circumstances of the particular case and discussed and decided the question on broad and general grounds, so that the decision would seem to apply to any similar question in any State.

Points brought out in this decision made advisable an amendment to section 11 (K), and on September 26, 1918, Congress passed amendments to the Federal Reserve Act called for in the light of the Supreme Court decision, and at the same time enlarging the fiduciary powers granted. As matters

now stand, "the Board is authorized to grant permits to National banks to exercise fiduciary powers in any case in which competing State corporations are permitted to exercise these powers, even though the laws of the State expressly or impliedly prohibit the exercise of such powers by a National bank." Thus disappears any further question of possible conflict between Federal and State law as to the right to the exercise of fiduciary powers by a duly authorized National bank. However, the right of the State to pass laws properly regulating the exercise of these powers and surrounding their exercise with proper safeguards, is not questioned, but rather upheld by the Supreme Court decision.

#### TENDENCY TOWARDS UNIFORMITY IN BANKING INSTITUTIONS

The extension of trust powers to National banks by the Federal Reserve Act, together with resulting State legislation which has been enacted or is in prospect, have apparently "clinched" a tendency which has been discernible for many years towards uniformity in the services offered by the various classes of banks. In nearly if not quite all of the States, the trust company was originally established as an institution quite distinct from the commercial bank in the character of business it was authorized to undertake. It always had some characteristics in common with those of the savings bank, but in theory at least its trust department was not the only thing which differentiated it from the savings bank. Before the end of the Nineteenth Century the savings departments of most trust companies were doing identically the same kind of business as the savings banks, while in some States their general banking departments had begun to encroach seriously upon the functions of the commercial banks.

During the first decade of the present Century, and down to the passage of the Federal Reserve Act, trust companies in most of the States made rapid progress in acquiring power to do a commercial banking business. At the

time the Federal Reserve Act was passed trust companies in a majority of the States were permitted to transact commercial banking business either by direct legislation or by liberal interpretation of the statutes. In a number of the States authority was specifically given for the incorporation of companies with power to transact a combined commercial banking, savings banking, trust and safe deposit business.

During the same period the commercial banks had made considerable progress towards the exercise of trust powers. The State laws mentioned in the last paragraph gave State banks the right to add trust departments. National banks have for many years, at their option, maintained savings departments, but in doing so worked at a disadvantage, mainly on account of the reserve requirements. The Federal Reserve Act removed most of the disadvantages, and savings deposits in National banks have grown rapidly since that time. Savings deposits and time deposits not subject to withdrawal under thirty days held by National banks increased from \$525,508,864 on June 4, 1913, to \$2,690,852,000 on June 30, 1919. Direct exercise of trust powers by National banks was not possible, but this was accomplished indirectly by the affiliation of a National bank and a trust company under the same ownership. About the time of the passage of the Federal Reserve Act there had been quite a marked movement in the establishment in the larger cities of financial groups composed of a trust company and a National bank. And now, under the amended Federal Reserve Act, together with the decision of the Supreme Court of the United States upholding the right of fiduciary powers, the National bank may exercise trust powers as well as those of the commercial and the savings bank. Some State legislation to remove technical difficulties must still be enacted, but it seems exceedingly improbable that such legislation will be refused in many, if any, of the States.

Under these conditions, with trust companies taking on the functions of

commercial banks and commercial banks assuming the functions of trust companies, while both already exercised the functions of the savings bank, it is evident that the distinctions formerly existing between these classes of financial institutions have been wiped out. As institutions, the scope of their possible powers is identical. Individual companies may still confine themselves to a certain one of the several classes of business, and doubtless the law of supply and demand will regulate the number of companies in any community which combine all the authorized classes of business. But one may no longer define a commercial bank as an institution performing certain functions and a trust company as an institution performing certain different functions; for potentially, if not in fact, their functions are identical.

#### EFFECTS OF THE NEW COMPETITION

What will be the effects of the competition with the trust companies of the National and State banks which receive permits to engage in trust business? And what will be the effect upon the principle and practice of corporate trusteeship?

Will the trust company which has already built up a considerable trust business find the normal increase of that business retarded by the competition of the commercial bank which exercises fiduciary powers? The writer believes not, save perhaps in exceptional cases. If the newcomers in the field wage a vigorous and intelligent fight for fiduciary business they will of course get some of it; but in the process of so doing they will help materially in educating the public to the unquestionable superiority of the corporate trustee over the individual trustee. The consequent

awakening of the people to the advantage of the service offered will more than counterbalance the competition for the business. Notwithstanding the rapid progress made in recent years in the building up of trust business, trust companies today do only a small part of the estate business in most communities.

In this connection, however, a word of caution may not be amiss. The advantages gained in entrusting fiduciary business to a responsible and properly qualified corporation rather than to an individual are so great that the argument for the corporate trustee seems unassailable. But the argument assumes that the corporation is responsible and properly qualified; and the success and growth of trust business thus far has been due not only to the force of the abstract argument but also in a considerable degree to the fact that our corporate trustees, thanks to careful legislation and legal safeguards and to the high character and ability of the men who have managed them, have proved themselves responsible and properly qualified. The pulse of the people with reference to business of this kind is and should be more sensitive than with reference to the ordinary affairs of life. A wild and undignified scramble for fiduciary business, or even more the undertaking of such business by concerns not strong enough or well enough qualified to handle it properly, might seriously impair the confidence which the public now justly has in the corporate trustee. The conditions call for care and wisdom as well as a high sense of responsibility on the part of officers of banks which are considering entry upon the field of fiduciary business; and they call too for watchfulness upon the part of both National and State authorities, to prevent any unsound or discreditable practices.



# The Sale of Open Accounts Receivable

By A. E. Duncan

Chairman of the Board, Commercial Credit Company, Baltimore; Commercial Acceptance Trust, Chicago; Commercial Credit Co., Inc., New Orleans

**I**T is generally conceded that the carrying of open accounts and acceptances receivable by manufacturers and wholesalers is a semi-banking function and that many millions of dollars are invested in such "frozen credits" which would be more profitably used in the active business of such firms. The agitation in credit and financial circles to separate such semi-banking function from that of manufacturing and merchandising through the use of acceptances or otherwise is therefore sound.

In the final analysis, the sale of open accounts only means the conversion of an otherwise unbankable asset into active working capital. As banks are not equipped or organized to properly handle and safeguard accounts taken as collateral, it may be said that they furnish the money on the guarantee of credit companies, for which guarantee and to cover the extra expense of handling and protecting the accounts, the firms which sell same are quite willing to pay more than usual banking rates.

## OPEN ACCOUNTS AND TRADE ACCEPTANCES

Much has been said in recent years pro and con as to the wisdom of closing open accounts into trade acceptances, which can be readily sold or discounted in the open market. A trade acceptance, at best, is merely an open account closed, and if it is proper to encourage the ready sale and discount of such acceptances, why is it not just as proper to encourage the sale, discount or assignment of open accounts, where, for many reasons, acceptances are not or cannot be obtained? The one must be just as legitimate as the other.

The uses and advantages of bankers' acceptances and acceptances secured by documents are decidedly different from

those pertaining to trade acceptances, which latter are by no means a panacea for credit ills. As very few high-grade firms will give trade acceptances, many regard the giving, also the asking, of trade acceptances as a reflection upon the credit of both acceptor and drawer. Many also believe that trade acceptances tend to increase credit terms and thereby credit risk.

All of the evils, if any,—risk of fraud, over-trading, "secrecy," etc.,—which are applied by some critics to the sale, discount or assignment of open accounts, can be applied with equal force to the sale or discount of acceptances received in settlement of such open accounts. Open accounts are usually assigned only to those companies specially equipped to handle them, whereas acceptances can easily be disposed of most anywhere.

The experience of our Company shows that acceptances are used where goods have not been shipped, to close slow and past-due accounts, to cover advances, and for kiting between firms, which uses are, of course, improper. For these reasons, it is almost as expensive for us to handle and properly safeguard the purchase of acceptances as open accounts.

## NOTIFICATION PLAN—AS TO DEBTORS ONLY

For fifty years or more, open accounts have been assigned, principally in the textile trade, to New York commission houses, factors and bankers, who, solely to protect themselves and with no thought of creditors, forward the original invoices to the debtors with notice thereon of the assignment and that remittance must be made direct to such banker. This custom in the textile trade is of such long standing and the terms, discounts, etc., are such that

the collection of accounts direct by a third party, the banker, is not very objectionable.

**"NON-NOTIFICATION" PLAN—AS TO DEBTORS**

This plan originated in New York some sixteen years ago, and shortly thereafter was really developed in Chicago and St. Louis. The writer was the first to introduce and develop this plan in the East, in 1910, since which time it has grown to enormous proportions—a convincing evidence as to its actual legitimate business need and as to the service rendered.

When this plan was offered in lines other than textiles, many large firms were quick to see the advantage and profit to themselves in assigning open accounts, provided the banker did not disturb their customers, who were quite unfamiliar with the plan used for years in textile lines, with notice of the assignment and efforts to collect accounts direct. The elimination of this very serious objection is the real cause of the very rapid growth of the "non-notification" business.

The "non-notification" plan does not give notice of the assignment thereof on the invoices sent to the debtor, who is not interested, but permits the "seller" (the firm assigning invoices) to collect its accounts as usual and, as a safeguard, requires that the "seller" shall deposit the original remittances received thereon with the banker holding such accounts instead of with its bank. This plan avoids gossip by competitors, needless friction and loss of trade through a third party, the banker (usually in a distant city, and solely to protect himself), trying to collect accounts, adjust differences, discounts, etc., direct with the customer.

**BOTH PLANS ARE EQUALLY "SECRET"**

From the standpoint of bankers and credit men extending credit to a firm which sells its accounts, the only difference between the notification and non-notification plans is that the former gives notice of the assignment on

the invoice sent to the customer, and the banker, solely to protect himself and with no notice or thought to creditors, collects the account direct, whereas the latter does not give such notice, but trusts in the honesty of the firm to collect the account and forward the original remittance to such banker. Neither plan provides for any form of



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notice so that creditors of a firm may learn that it is assigning its accounts.

It is evident that the non-notification banker must be far more careful than the notification banker as to the moral, credit and financial standing of a firm from whom accounts are bought. Frequently such banker will decline to accept business from a concern on the non-notification plan, but will accept the same business with safety on the notification plan. Firms generally object far more to having their customers

know that their accounts have been assigned than they do to having their creditors learn of the transfer.

The very attitude of antagonism by some against the assignment of accounts (which I am glad to say is rapidly disappearing), instead of a disposition to analyze the merits of each case, has caused many firms to hesitate to have it known that they were assigning their accounts; otherwise, they would not have cared. If a creditor wants to know when accounts are assigned, why not ask the firm the direct question and require that prior notice be given him?

Only the banker and the "seller" know when an acceptance or an open account has been sold, discounted or assigned, and the "secrecy" in either case is identical. The acceptor knows his acceptance may be sold or discounted and the debtor knows his open account may be sold, discounted or assigned, but neither they nor creditors know when either the acceptance or the open account has been sold, discounted or assigned.

Although the non-notification plan has been most unfairly designated by some as "secret," is it not clear that the notification plan is equally as "secret" insofar as banks and credit men are able to find out if a firm is assigning its accounts?

#### LEGISLATION

A few years ago, when the non-notification business was being developed and the total volume rather small, a misguided effort was made in certain credit circles to pass laws which, if enacted, would clearly have been class legislation, the expressed purpose being to prevent fraud through the "secret" assignment of accounts and to enable creditors of a firm which was assigning its accounts to be informed thereof. The bills, in fact, prohibited the assignment of accounts unless the banker gave notice thereof on invoices sent to the debtors,—notification plan—but made no effort at all to restrict or make public the assignment of accounts if such no-

tice were given, it being contended that if such notice were given, the news would "leak out" and finally reach creditors.

It has never been made quite plain just how Boston creditors of a Philadelphia manufacturer were expected to find out that the Philadelphia firm was assigning its accounts to a New York notification banker, simply because such banker, to protect his own interest, gave notice of the assignment on the original invoices sent to customers in Chicago, St. Louis, etc.

The same interests which introduced and advocated such legislation supposed to protect creditors were, for some reason, much opposed to legislation introduced by the non-notification bankers, which provided that every contract (or notice thereof) under which open accounts were assigned, whether upon the notification or non-notification plan, must be placed on record the same as a chattel mortgage, thereby making it easy for creditors to find out when any firm was assigning its accounts under any plan.

The non-notification bankers claimed that no legislation was needed or wise, but advocated wide open publicity, if any, of all assignments of accounts, and properly objected to any bill which prevented the assignment of accounts under the non-notification plan with no effort to prevent or even regulate such assignments under the notification plan so generally used in New York. That such a bill was introduced in five states and vigorously pushed in three, but defeated in all, is evidence that the bill was discriminatory and unfair.

As a result of the campaign of education, due to the proposed legislation, the so called "secret" plan has grown by leaps and bounds. Business men and bankers now better understand that notice to debtors is not notice to creditors and that there is legitimate need for such business, also that there is necessity and wisdom for the banker not disturbing a firm's customers by giving direct notice of assignment on the invoice and by trying to collect the accounts direct. The experience of our



Company proves that this is the real necessity for such "secrecy" and not the desire of firms who sell their accounts to keep the fact "secret" from their creditors and their banks.

There is no more reason or need for legislation to regulate the assignment of open accounts under any plan than of notes, drafts, acceptances, warehouse receipts, merchandise or other personal property. A firm can buy any amount of goods on open credit, place same in a public warehouse and borrow money on the warehouse receipt, leaving other creditors unsecured; can close open accounts into notes and is urged to close them into acceptances, which can be sold, discounted or assigned anywhere; can offer excessive discounts to its customers for cash; and can sell its merchandise, bought on open credit, to anybody and at any price.

Why should such firm not also be at liberty to sell, discount or assign its open accounts? If one operation should be restricted by legislation, why not all, as each offers opportunities for fraud upon creditors?

#### FRAUD UPON CREDITORS

The experience of practically all the large non-notification companies conclusively proves that the assignment of open accounts has almost never been used to perpetrate a fraud upon unsecured creditors; but, frankly, has frequently resulted in fraud upon credit companies for the benefit of unsecured creditors. In such cases actual facts prove that the money fraudulently obtained was used to pay unsecured debts and rarely ever used for any other purpose.

Efforts to protect creditors against fraud through the assignment of accounts can be proven not to be needed, but methods to protect credit companies deserve very serious thought. As the money received through the assignment of accounts is usually used to reduce liabilities, the facts also show that in case of failure the actual dividend received by creditors is very little less due to the assignment of the accounts.

A well managed credit company demands a signed financial statement and has about as complete credit files upon firms from whom it purchases accounts as a well managed bank has upon its customers. If you buy a lot of accounts from a firm and leave them with the firm to collect for you, your common sense and good judgment demand that you feel certain as to the moral, financial business and credit standing of such firm. If you notify the debtors and collect the accounts direct, it must be evident that such caution is not necessary, and that fraud upon creditors can be more easily committed under the notification plan than under the non-notification plan.

No credit company would be foolish enough to give a firm money on its accounts and leave the accounts with the firm to collect unless fully satisfied that such money would be honestly used by the firm in the usual conduct of its business. If the money is honestly used, there can be no fraud, and certainly there is not enough fraud to justify the handicapping of the many honest firms in vainly trying to eliminate the risk of fraud by a crook.

#### NO CHANGE IN NET WORTH

When a firm sells its open accounts, it merely changes the character of its assets by substituting cash, a better asset. The net worth of such firm is not changed, as the firm either has the cash or some other asset, or has used the cash to reduce its liabilities. The charge is probably less than the discounts offered to customers for cash. Rarely is such money invested in fixed assets, but is usually used as increased operating capital.

The financial statement of a firm would not only be false, but its books could not be in balance unless the cash received on accounts sold, plus charges, was shown as a straight liability, or unless the firm included in its assets only its equity in the accounts sold and deducted the balance from its accounts receivable asset and also from its liabilities. In the latter case, the firm should

show such amount as a contingent liability, which is usually less than one per cent, or the actual risk of loss on sales.

Is it not plain that the net worth of a firm is not changed through the sale of its accounts receivable?

#### EFFECT UPON CREDIT

Some argue that a firm should not sell its accounts and at the same time expect to borrow money from bank on its single-name paper. If a bank extends a single-name credit where trade acceptances are discounted, why shouldn't it extend single-name credit where open accounts are sold or discounted? A trade acceptance is only an open account closed, and many firms, for various reasons, cannot obtain or prefer not to disturb customers by soliciting trade acceptances, and to secure which frequently requires some concession to the customer.

Many more firms have their credit rating increased than reduced, due to using the money from the sale of their accounts to buy for cash discount or to pay their bills promptly. Creditors are more interested in how promptly a firm pays its bills than in where it may get the money with which to do so.

Suppose a bank is extending a liberal single-name credit to a firm which is selling on sixty and ninety day terms and carrying a large amount of accounts receivable and the firm should decide to change its terms to eighty per cent cash against shipping documents. This would enable it to reduce its selling prices and to materially increase its turnover, as well as its profits, unless its credit should be curtailed. What good reason would the bank have for withdrawing or even curtailing such single-name credit? Would not the firm still be entitled to single-name credit on the basis of its quick assets to current liabilities, etc.?

As a firm's customers cannot or will not pay eighty per cent cash, does not such firm get the same practical result through receiving about eighty per cent cash from a credit company from the sale of its open accounts at time of shipment? The only real difference is

the contingent liability or risk of loss on such accounts, which is usually less than one per cent on the sales, and even this can be limited under credit insurance.

#### CONTINGENT LIABILITY AND OVERTRADING

The normal risk of loss on inventory is very small, although during the present price readjustment period this risk has been increased. Through the sale of its open accounts, a firm practically reduces its terms to eighty per cent cash against shipping evidence and the contingent liability, as before stated, is very small.

As credit companies usually carry accounts until they are thirty to sixty days past due, the firm has ample time in which to collect practically all of the accounts sold. Such a firm does not give notes for money received on its open accounts and has no large direct obligation to meet as the accounts sold readily liquidate the amount received thereon. As the credit company also has control of the amount of accounts which should be carried, the risk of overtrading under normal conditions is very small.

#### BANKERS CHANGE THEIR ATTITUDE

During the early days of the note broker, his business was criticised by many bankers, who refused to extend single-name credit to a firm which sold its paper through a note broker. Custom has gradually changed this, and now the very best firms sell their single-name paper through brokers, and their own banks also extend single-name credit.

Not many years ago bankers considered a firm as being in desperate financial needs when a mortgage was placed on its real estate, plant and machinery. Custom has also changed this, and to-day many firms are advised by their bankers to reduce their floating debt through a bond issue, and the banks still extend single-name credit to such firms based upon quick assets, current liabilities, net worth, etc.

A few years ago there was much agitation among some bankers in favor of registered commercial paper, but this has long since subsided, even though such registration might have materially safeguarded loans by making it easy to find out at any time just how much a firm was borrowing.

Custom and a better understanding of the advantages usually gained through the sale of open accounts as against the disadvantages are fast changing the viewpoint of bankers, financial and business men in favor of the business, as they frequently see concrete cases of these benefits to certain firms. Unfortunately, there is still enough antagonism to the business to cause most firms to object to the open use of their names, even though they freely admit to credit companies the great benefits received through the sale of their accounts, and the growth of their business and increase of their net profits fully substantiate their claims. On the other hand, wide publicity is given to the occasional failure where open accounts have been sold.

Many of our customers borrow on single name or with personal endorsement from their banks, who know all about the firm's dealings with our Company and extend credit with this in mind. Frequently business is sent to us by a bank; in fact, we have dealt and are now dealing with a number of firms in which bank officials and directors are not only interested but personally guarantee the faithful performance of our contract by such firms.

Quite recently, at the suggestion of three large banks in a large city, who were carrying over \$200,000 single-name paper (which they will continue) for a manufacturer, we agreed to furnish operating capital through carrying a line of \$150,000 on their open accounts, it being evident to all that with such working capital the firm could continue successfully.

#### ARE THE CHARGES EXCESSIVE?

Credit companies usually pay about eighty per cent cash at time of purchase of accounts and the balance as each ac-

count is collected. During most of 1920, while money rates have been very high, their usual charge for all services, including interest, exchange, etc., has been 1/25 of one per cent per day on the face of each account from date of purchase by to date of payment to the credit company, plus a flat charge of \$5 per \$1,000 only on the first \$100,000 of accounts purchased during any twelve successive months, with no obligation from a firm as to either time or volume of business.

We buy thousands of invoices where customers are offered cash discounts of from two to five per cent in ten days, net thirty or sixty days. Our charges are about equal to or less than the discounts usually offered for cash, or if discounts are not offered, then the actual difference between spot cash price and time price of the goods sold.

A firm can finance through us annual sales of \$500,000 with maximum cost of only \$6,500, including interest, exchange, etc., if the average payment of accounts is thirty days. The firm offers \$10,000 for twenty days on terms of two per cent ten days, net thirty. If the average payment of accounts is sixty days, our total charge is only \$12,500 for full sixty days, whereas the firm offers \$10,000 for fifty days on terms of two per cent ten days, net sixty. On accounts discounted in ten days, our charge is merely nominal.

Will such a charge break any firm? Don't the customers who do not discount their bills or buy for spot cash pay the charge anyway? What is the difference to a firm whether we or their customers discount the invoices?

The first firm that ever sold accounts to a Baltimore company, about eleven years ago, also our first customer, has continually sold its accounts, increased its volume and has made a good profit every year. They paid us last year only about seven per cent of their actual net profits, which included all interest, exchange, etc.

#### NET EARNINGS ARE NOT LARGE

The net earnings of some credit companies have been grossly exaggerated

by referring only to net earnings on cash paid common stock without reference to preferred stock or surplus. At our rates a credit company cannot hope to make over thirteen per cent to twenty per cent net on the actual cash invested by stockholders (capital, surplus and undivided profits), and even then not less than \$2,000,000 cash must be continuously employed, of which at least \$500,000 should be invested capital.

The net profits of credit companies are usually no greater than those of many banks and trust companies. Such companies must be large borrowers, have specially trained organizations, frequently audit and verify their accounts and do much other detail work, all of which is expensive.

It is customary for banks to require that borrowers keep an average daily balance of twenty per cent of the line of credit extended, which line should be liquidated at least once a year. With the prevailing rates of seven per cent to eight per cent, this means an actual cost to the borrowing firm or credit company of  $8\frac{1}{2}$  per cent to 10 per cent per annum.

#### WHAT FIRMS SELL ACCOUNTS?

The class of firms that usually sell open accounts are:

Those who have a profitable business with an excess of energy, ability and plant capacity over their invested capital, no matter how large they are. The extra profit on increased volume quickly covers the cost.

Those who have a profitable business and look upon a credit company, in a way, as a "silent partner," preferring to give a small portion of their profits to such company temporarily and con-

tinue to control their business, rather than to give a large profit, extra salaries, etc., permanently to new partners or stockholders.

Those who have a large part of their invested capital tied up in real estate, plant, machinery or other fixed assets, as is the case especially with many manufacturers.

Those whose members are more experienced in the practical manufacturing and sales end of their business than they are in financing and who dislike to borrow much money from banks and do not see the wisdom of carrying substantial cash balances.

Those who are located in towns with limited local banking facilities and who have not established banking connections in the larger cities.

Those who just temporarily need some "extra" money for some special purpose or to carry them over the peak of their season.

Those who see the advantages of buying much cheaper for spot cash or discounting or paying their bills promptly at maturity, increasing their volume with but little increase of overhead, etc., and can see where they can quickly more than offset the extra cost for the service.

#### GROWTH OF NON-NOTIFICATION PLAN

Starting in a very small way in the East eleven years ago, the very rapid development of the non-notification business is the best possible evidence not only that the plan fills a much-needed form of financing, but that the firms using it feel that the small extra cost is well worth the advantages to be gained. The combined volume of purchases of our three companies alone for the year ending August 31, 1920, was over \$96,000,000.



# Banking and Commercial Law

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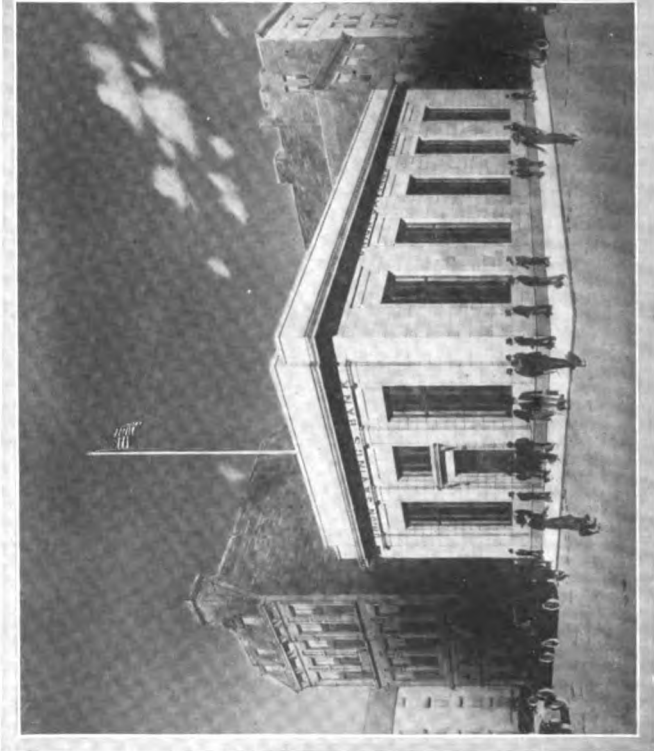
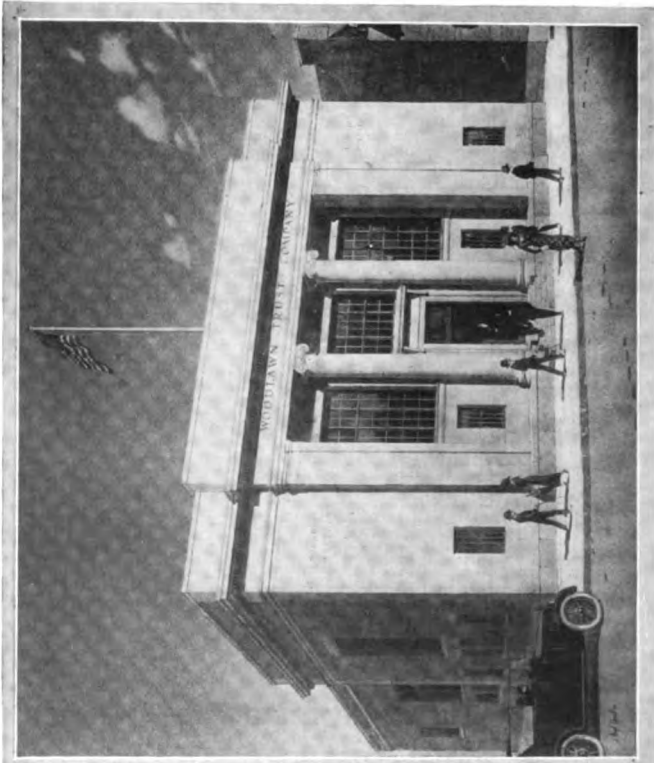
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# Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts  
Upon Questions of the Law of Banking and Negotiable Instruments

## Depositor Not Required to Call for Pass-Book After Leaving it to be Balanced

McCarty v. First National Bank, Supreme  
Court of Alabama, 85 So. Rep. 754.

**T**HE plaintiff had an account in the defendant bank. It was his reserve account, against which he drew checks infrequently. A person, who had access to the plaintiff's office, forged a series of checks against the account, presented them at the bank and received the proceeds.

The total amount withdrawn on the forged checks amounted to approximately \$10,000. The fraud was not discovered until the operations of the forger finally overdrawed the account.

The custom of the bank with reference to balancing depositors' accounts was to allow depositors to bring in their books to be balanced at such times as suited their convenience and to call for them later.

While the forged checks were being put through the depositor left his pass-book at the bank to be balanced. At this time about \$2,400 had been paid out on forged checks. The account was promptly balanced and the statement, together with the canceled vouchers, placed with the bookkeeper to be called for by the depositor. But the depositor neglected for two months to call around for his statement. And shortly after he got it the last of the series of forged checks was presented.

The bank admitted its liability for the checks paid prior to the time when the pass-book was delivered to it to be balanced. But it claimed that the depositor was under obligation to call for his book within a reasonable time thereafter, that if he had done so the payment of subsequently forged checks would have been prevented and that his failure to do so shifted the responsibility

for such payments from the bank to him.

The court held that a depositor is under no such duty and that he is not charged with notice of what a statement of his account may contain until the statement reaches his hands. The bank was accordingly held liable and a judgment in favor of the bank was reversed.

## OPINION

Appeal from Circuit Court, Jefferson County; Romain Boyd, Judge.

Action by W. C. McCarty against the First National Bank of Birmingham in assumpsit. Judgment for defendant, and plaintiff appeals. Reversed and remanded.

The plaintiff sues to recover \$7,290 alleged to be due him from the bank as a balance on his checking account carried with the bank. The bank paid out the amount in question upon a series of checks, drawn in the name of the plaintiff, and shown to have been forgeries. The bank denies any liability for this money, on the ground that the plaintiff was guilty of negligence in failing to discover and report other forgeries of his checks by the same party on the same account, during a period just preceding the forgeries in question, whereby the bank was induced to pay the latter series later, and prevent it from having prompt recourse. The plaintiff, a business man of Birmingham, became a depositor of the defendant bank in January, 1915. This was his reserve account, as to which his deposits and withdrawals were in substantial sums; his regular daily checking account being kept elsewhere.

One Carney, whose social relations with plaintiff's sons gave him access to plaintiff's office, began his series of forgeries against this account on March 5, 1917, drawing one or more checks each month down to September, when he

drew September 1st a check for \$800, September 10th a check for \$500, and a check for a like amount on September 24th. The last check overdrew the account and led to the discovery of the forgery. The checks were all made payable to plaintiff's son, were ostensibly indorsed by him, and were presented by and paid to Jim Carney. The checks thus drawn and paid prior to July, 1917, aggregated \$2,400, and this sum was repaid to plaintiff by the bank in October. Plaintiff's bank book was balanced and returned to him, with his canceled checks, on February 24, 1917. He kept the book from then until July 3, 1917, when it was sent to the bank to be balanced. It was balanced and ready for delivery to the plaintiff along with the canceled checks on July 5th following, and was placed near the bookkeeper's window, along with other similar books, to be delivered to plaintiff whenever he might call for it.

Testimony for the bank tended to show that plaintiff did not call for the book until September 4th following, on which date it was in fact delivered to his agent on call; but plaintiff placed it in his safe, without examining it or the canceled checks, and plaintiff had no actual knowledge of the forgeries until September 24th, the date of the last forged check, which overdrew his account. The bank also had no knowledge of the forgeries until then informed by the plaintiff.

Robinson, a bookkeeper at the bank, testified that when the pass-books were written up, with statements and canceled checks in them, they are placed at the window in alphabetical order. Certain business houses and firms and a few individuals have their accounts balanced every 30 days at certain times during the month. The balance of the individual accounts were only balanced when parties left their books and called for them later. The bank had no rule to require the balancing of a book at any particular time, but there was a request to have them balanced often or every 30 days. The bank did not require that rule or that request to be

enforced. It is a fact that accounts ran for months or even years, without being balanced up.

Barker, another bookkeeper, testified that the custom and practice at that bank is for the customers to come to the bank and get their pass-books and written-up accounts. The bank had a form of post card that it used to mail out, saying that the statement had been there quite a while, prepared and balanced, and asking the customer to call and get it. These cards were not sent out to call attention to the books that had been lying there for an unreasonable length of time. These cards were used in cases where a great many checks had accumulated and were in the way, and the head bookkeeper would write them a card, just to get them out of the way. The bank did not have or employ any rule as to how long pass-books should be held in the pass-book window after they were written up. That was entirely at the pleasure of the customer. There was no obligation on his part to come soon or late for the books, and the bank made no protest if the customer did not come promptly.

Kitchens, the head bookkeeper, testified that the custom at the bank as to pass-books was for the customer to call for the pass-book at the pass-book window. There was no rule requiring the books to be balanced. They left their books at any time they wanted to, and "some books ran a year or two before they were balanced, and I have had books to come in that had not been balanced for eight or ten years." A customer would call for his book at any time that he came, and it was the bank's duty to hold it until the customer or some authorized person came for it. It is a fact that a great many pass-books were left there for months at a time after being written up. The bank never raised any objection to those customers, and if anything came up that way they were willing to correct it at most any time. The bank did not take advantage of the book being left there for any considerable length of time.





## *The Banker and the Boy*

Would you loan him the money?

Every boy who leaves a farm in your section means another business farmer lost to the community. As the guardian of the community's financial interest, you naturally seek ways of preventing this serious exodus that is undermining the country's greatest industry.

A Wallis Tractor keeps the boy on the farm. We have amassed convincing proof of this fact. We have pictures and letters of boys, twelve and thirteen years old, doing all the plowing, planting and harvesting, with a Wallis. The simplicity and mechanical excellence of the Wallis strikes a responsive chord in the boy's heart that brings contentment with farm life.

The banker who finances the purchase of a Wallis Tractor not only renders a service to the farmer and to the nation, but helps to place farming on a sound business basis. And a business farmer is the most satisfactory farmer from a banking point of view.

J. I. CASE PLOW WORKS COMPANY  
Dept. A 868, Racine, Wis.

NOTICE: We want the public to know that the WALLIS TRACTOR is made by the J. I. CASE PLOW WORKS COMPANY of Racine, Wisconsin, and is NOT the product of any other company with "J. I. CASE" as part of its corporate name.

# WALLIS

-more acres per hour

The vice-president of the bank testified that the bank had no rule requiring the writing up of any book at any particular time, nor did it seek to enforce any rule about asking for pass-books after they were written up and ready for delivery by the bank. We could not compel customers to come and get their books. The bank had no system of delivery of bank books to customers by mail or messenger, especially in the city, but in some cases did send them to out of town customers.

The trial judge instructed the jury as follows:

"While it is the duty of the bank to know the signatures of its customers and depositors, the depositors also owe the bank certain duties by way of protecting the bank, and one of these duties . . . is, when its pass-books or checks are given him, to examine them, and if he finds any errors there, or forged checks, to notify the bank at a reasonable time."

To this he added:

"And I charge you that he also owes the further duty, and that is, that if he leaves his bank book to be balanced and statements rendered, it is his duty to call for his bank book and statement and canceled checks within a reasonable time thereafter . . . and if the plaintiff in this case failed to call there in a reasonable time and without good excuse to get the book, that would be a good defense to the extent that the defendant suffered damage after the expiration of a reasonable time."

Plaintiff had a judgment for \$550, apparently for the amount of the check of September 10th.

SOMERVILLE, J.—In the case of *First National Bank v. Allen*, 100 Ala. 476, 14 South. 335, 27 L. R. A. 426, 46 Am. St. Rep. 80, it was said:

"The correct principles by which the respective liabilities of the bank and depositor are determined are these: The bank is bound to know the signature of its depositors, and the payment of a forged check, however skillfully exe-

cuted, cannot be debited against the depositor. From the relations the depositor and the bank bear towards each other, there is a duty also upon the depositor to examine his accounts and vouchers, and to make known to the bank any improper vouchers or charges returned, and where injury results to the bank from the failure of the depositor to do his duty in this respect, the law holds the depositor liable for such injury, the result of the depositor's omission."

This statement of the law is unquestionably based upon sound reason, and is supported by practically all the authorities, which are collected in 7 Corp. Jur. 687, section 415, and notes. The most recent case in point is that of *Hammerschlag Mfg. Co. v. Imp. & Trad. Nat. Bank*, 262 Fed. 266 (U. S. Cir. Ct. of Appeals), wherein the leading cases are reviewed at some length. A comprehensive and valuable discussion will be found also in *National Dredging Co. v. Farmers Bank*, 6 Pennewill (Del.) 580, 69 Atl. 607, 16 L. R. A. (N. S.) 593, 130 Am. St. Rep. 158, and many cases are collected in the note to *Brown v. Bank* (Va.) 17 Ann. Cas. 122.

In all of the reported cases, this duty of diligence was imposed upon the depositor by reason of the fact that his pass-book and canceled checks had actually been returned to him, so that notice of the forgeries was placed in his possession, and knowledge of them thereby made immediately accessible. The rationale of the rule is that, having been furnished with the means of knowledge, it is the depositor's duty to know; and, knowing, he is under the further duty of informing the bank of whatever he finds to be wrong.

It is the contention of the defendant bank in the instant case, and the jury were so instructed by the trial judge, that when a depositor has called for a statement of his account, by leaving his pass-book with the bank, and it is balanced by the bank, and is ready for delivery to the depositor, along with the canceled checks charged by the

bank against his account, it then becomes the duty of the depositor to call for the book and the checks within a reasonable time, failing in which he is in the same position as to imputed knowledge of forgeries, and as to negligence with respect to their disclosure to the bank, as he would be in if he had actually received the book and the checks from the bank. The contention of the bank is, in short, that when the book and checks were thus prepared, pursuant to the depositor's request, and placed at the bookkeeper's window, where the depositor could get them upon demand, this was in law a constructive delivery to the depositor, with the same consequences in every respect as would have accompanied an actual delivery.

No case in point, for or against this proposition has been cited by counsel, and, in view of our own unrewarded search for authority, we are inclined to accept the statement, made by counsel for appellant, that this case is one of first impression, at least in American courts. It is clear that a depositor is not required to anticipate errors or irregularities in his account, and particularly the payment by the bank of forged checks; and hence the law imposes upon him no duty to initiate an inquiry with respect to such matters, and, in the absence of an agreement, express or implied, between him and the bank, he is not bound to ask for a statement of his account at any time, but may rely upon the bank's observance of all of its obligations in the premises. There was no such agreement here, and the question is whether merely leaving his pass-book to be balanced by the bank imposed upon plaintiff the duty of calling for the book, and the canceled checks customarily returned therewith, in a reasonable time, or, indeed, at any time, under the penalty of releasing the bank from liability for the repetition of errors already committed.

We are satisfied that the law, operating upon the mere relation of the parties, imposed no such duty upon the depositor, and, so far as we are advised,

no court has ever so held. A statement of account, though prepared and ready for delivery, does not become a stated account, with legal consequences, until it is actually placed in the hands of the party to be charged, and, with knowledge of its purport, he has acquiesced in its correctness. *Comer v. Way*, 107 Ala. 300, 19 South. 966, 54 Am. St. Rep. 93; 1 Corp. Jur. 679, section 250. Manifestly the balanced pass-book could not have become a stated account until after its reception by plaintiff on September 4, 1914. The theory upon which a depositor is required to examine his balanced pass-book and his canceled checks within a reasonable time and with due care after they are returned to him by the bank, and to report errors and irregularities, if any there be, with reasonable promptness to the bank, is that, if he fails to do so, the bank may rightly presume that previous payments of checks were properly made upon the authority of the depositor, and that they have his sanction and approval, and that, so presuming, the bank may be naturally induced to make similar payment of similarly forged or unauthorized checks in the future. But where the pass-book and checks have not been actually returned to the depositor and remain in the custody of the bank, the reason of the rule entirely fails, since there can be no presumption that the depositor has acquiesced in or approved an act or a course of dealing of which he has no actual notice or knowledge, and the bank cannot justly claim to have been misled by the conduct of the depositor.

The testimony of the officers of the bank shows that the bank had no system for the delivery of balanced pass-books to its local customers, other than at the bookkeeper's window, upon the customer's call in person or by agent. But it shows, also, that the bank had no rule, and never sought to enforce any, that its customers should call for their balanced pass-books and canceled checks at any time, except as their convenience or fancy might suggest. So, very clearly, the plaintiff was under no

contractual duty, express or implied, or prescribed by any regular and well-known custom, to call for his book and vouchers at any particular time, or within any period of time that might be designated as reasonable, even if it were conceded that his breach of such an agreement could be visited with the consequences here insisted upon by the bank.

No doubt the bank discharged its duty to the plaintiff by balancing his pass-book, and having it and the vouchers ready for delivery at the window when called for. So far as the plaintiff's right to have a statement of account is concerned, that was in accordance with the prevailing custom, and if he failed to call for his book he could not complain of the failure of the bank to render him a statement. But that is not the question with which we have to do; and if the bank, for its own protection, desired to charge him with knowledge of its dealings with his account, and to have his assurance, express or implied, that those dealings were authorized, and might be safely repeated in the future, it could and should have rendered the statement by actual delivery of the book and vouchers to the plaintiff.

We are not insensible to the reasons so ably and persuasively presented by counsel for the bank in support of the contrary view; but, upon a very careful consideration of the question, we hold to our conclusion, as above set forth, as the sounder and better rule. It results that the trial court erred in the instruction given to the jury in this regard.

It is suggested by counsel for the bank that the evidence fails to show that the bank was indebted to the plaintiff in any amount at the time this suit was brought, and that, not being entitled to recover in any event, the errors assigned were harmless. This suggestion is without merit, since it appears that the plaintiff's balance on February 24, 1917, was \$6,898.20, and that he afterwards deposited sums amounting to \$1,500. If all of this was repaid to

plaintiff, or paid out on his order, which does not appear, the burden was, of course, upon the bank to show it. Moreover, the payment of the forged checks by the bank may of itself support the inference that the amounts so paid out were on deposit to the credit of the plaintiff.

It is unnecessary to consider other questions that have been argued, since they probably will not be presented again. For the error pointed out, the judgment will be reversed, and the cause remanded for another trial.

Reversed and remanded.



### Action Against Bank for Failure to Honor Check

*Spiegel v. Public National Bank of New York, New York Supreme Court. 184 N. Y. Supp. 1.*

In an action against a bank to recover damages for the bank's refusal to honor certain checks drawn on the bank by the plaintiff, the complaint alleged that the plaintiff had on deposit a sum sufficient to pay the checks and that, by reason of the bank's refusal to pay them, the plaintiff "had suffered in his business reputation" and that "his credit has been largely curtailed in that merchants with whom he deals refuse to sell him upon credit and advise him that any further shipments made to him would be on a cash basis only." It was held that the complaint stated a good cause of action.

#### OPINION

GIEGERICH, J. A motion is made on behalf of the defendant to require the complaint to be made more definite and certain, by reducing the same to a single cause of action either on contract or in tort, or by separately stating and numbering each cause of action.

The complaint alleges that the plaintiff was a depositor with the defendant, and had on deposit with it certain moneys and avails of checks and com-

mercial paper, which the defendant agreed at all times to hold for the plaintiff's credit, and to pay out by checks signed by the plaintiff when duly presented, and that in the month of July, 1920, the plaintiff drew certain checks upon the defendant, and that when the checks were presented the plaintiff had on deposit with the defendant an amount in excess of the amount of the said checks, but that, nevertheless, the defendant refused payment thereof, and returned said checks to the respective banks of the several payees, after having marked on the face thereof "Check returned short," and "Not sufficient funds." It is also alleged that the plaintiff was and still is engaged in business, and has enjoyed a good reputation for paying his bills, and had obtained a good rating and credit by reason thereof, but that because of the failure of the defendant to honor the checks drawn by the plaintiff the plaintiff had suffered "in his business reputation, and his credit has been largely curtailed in that merchants with whom he deals refuse to sell him upon credit, and advise him that any further shipments made to him would be on a cash basis only." The theory on which the motion is made is that the complaint alleges one cause of action in tort, to wit, libel, and another cause of action on contract, to wit, failure to pay checks as agreed.

The plaintiff disclaims any attempt to set forth more than one cause of

action, and argues that the only cause of action set forth is one for breach of contract, with allegations of special damage flowing from the breach. I think this contention is correct. None of the characteristic allegations customary in setting forth an action for libel is found in this complaint. The facts that damage to the plaintiff's business reputation is alleged, and that his credit has been curtailed, are no more than allegations of the special damages resulting from the defendant's breach of contract, and under familiar rules of pleading it was necessary to allege such special damages. In *Levine v. State Bank*, 80 Misc. Rep. 524, 141 N. Y. Supp. 596, the Appellate Term held that, in an action to recover damages for a bank's refusal to pay checks drawn upon it by the plaintiff on the ground of insufficient funds, it was error to exclude evidence of the injury to the credit resulting from the defendant's breach of contract. The case of *Davis v. Standard National Bank*, 50 App. Div. 210, 63 N. Y. Supp. 764, is instructive in showing the form of pleading employed, where the plaintiff elected to recover damages for the nonpayment of his checks upon the theory of tort rather than upon the theory of contract.

My conclusion is that the complaint states but a single cause of action upon contract, and that the motion should be denied, with \$10 costs. Settle order on notice.





**LEWIS E. PIERSON**  
Chairman of the Board, Irving National Bank,  
New York



**EDMUND D. HULBERT**  
President Merchants Loan and Trust Company  
of Chicago



**W. H. KNIFFIN, Jr.**  
Vice-President Bank of Rockville Center,  
New York



**O. M. W. SPRAGUE**  
Professor of Banking and Finance,  
Harvard University

# Results of Our Prize Contest

**L**AST January with the avowed purpose of encouraging the serious study of some of our banking problems THE BANKERS MAGAZINE offered \$500 in prizes for the best articles on a designated list of subjects. The decision of the judges has now been reached and the following contestants have been awarded prizes:

First prize, Glenn G. Munn, Chase National Bank, New York; second prize, Ralph B. Blodgett, Harvey Blodgett Company, St. Paul, Minn.; third prize, H. B. Grimm, St. Joseph Valley Bank, Elkhart, Ind.; fourth prize, Ray E. Bauder, Bauder-Baker, Chicago, Ill.

The titles of the first four articles are as follows: First prize, "The Cultivation of a Healthy Esprit de Corps Among Bank Employees"; second prize, "Banks as Man Developers"; third prize, "A Working Plan for the Establishment and Operation of a New Busi-

ness Department"; fourth prize, "The Daily Balance—the Country Banker's Biggest Problems."

The following papers received honorable mention: "Developing the Use of Acceptances," by Allan F. Wright, Fitchburg Bank and Trust Company, Fitchburg, Mass.; "Relations Between a Bank and Its Employees," by Percival Sayward, Boston Chapter, American Institute of Banking, Boston, Mass.; "Relations Between a Bank and Its Employees," by Howard E. Deily, Tradesmen's National Bank, Philadelphia, Pa.; "Banking Service," by D. M. Williams, First National Bank, Utica, N. Y.; "Bank Cost Accounting," by Frank E. Cobun, Transit Manager, Pittsburgh Branch, Federal Reserve Bank of Cleveland, Pittsburgh, Pa.; "The Foreign Department of a Bank," by Robert B. Menapace, Guaranty Trust Company, New York; "Bank Cost Accounting,"



**GLENN D. MUNN**

Winner of First Prize, Assistant Manager Personnel Department, Chase National Bank



**RALPH B. BLODGETT**

Winner of Second Prize, Connected with Harvey, Blodgett Company of St. Paul



H. B. GRIMM

Winner of Third Prize, New Business Department,  
St. Joseph Valley Bank of Elkhart, Indiana

by George O. Bordwell, 552 Montgomery Street, San Francisco, Cal.; "Trust Departments in National Banks," by Charles E. Hammett, McArdle, Djourup & McArdle, New York; "Banking Costs" and "Banking Service," by Thomas C. Jefferies, Manufacturers Trust Company, Brooklyn, N. Y.; "Improving Bank Service," by A. Bridges, Bank of Jonesboro, Jonesboro, Ark.; "A Profitable Account," by Alexander Wall, Robert Morris Club, Lansdowne, Pa.; "Attitudes and Ideals," by N. F. Reich, St. Joseph Valley Bank, Elkhart, Ind.; "Relations Between a Bank and Its Employees," by J. N. Higley, publicity manager, Dollar Savings and Trust Company, Youngstown, Ohio; "Reduction of Credit Department Costs," by R. J. George, National City Bank of New York.

Publication of the prize articles will begin in the December number.

The announcement of the contest as published in the January, 1920, num-

ber of THE BANKERS MAGAZINE was as follows:

In order to stimulate the serious study and consideration of present-day banking problems on the part of the younger bankers of the country THE BANKERS MAGAZINE is offering prizes to the amount of \$500 for the best articles on any one of the list of subjects given below.

The subjects selected are those with which bankers are vitally concerned. They are not theoretical, but eminently practical, the object being to obtain for publication in the Magazine material which will prove not only interesting but helpful and valuable to its readers.

With this in mind, the papers will be judged not from the standpoint of their literary excellence alone, but from the originality and adaptability of the ideas expressed. In writing the papers it is expected that the contestants will write from the viewpoint of the average sized bank and not confine themselves to the description of plans and methods which are applicable only to the big banks of our great cities.

Contestants should avoid the vague generalities and time-worn platitudes which too often appear in what is written on banking subjects. It should be remembered that what is wanted is not high-sounding phrases, but concrete facts and ideas. Criticism, if made, should be constructive and not destructive. It is of no value to tear down existing methods unless better ones are suggested in their place.

#### SUBJECTS FOR THE PRIZE PAPERS

1. *Banking Practice.* The description of any plan or method of banking practice, applicable to the average sized bank, which will serve to cut down costs, save time and increase efficiency. Papers will be judged by the originality of the idea and its applicability to the needs of the average bank.

2. *Banking Service.* The description of a plan or idea which will help a bank to give better service to its customers and increase good-will. This covers a wide range of subjects and methods, papers being judged by their originality and adaptability.

3. *The Foreign Department of a Bank.* A discussion of such topics as the following: The foreign department as an aid to developing trade; principles and methods of foreign exchange; personnel and other equipment of the foreign department; special records and forms required; promoting the foreign department; methods of conducting business; relations with foreign branches and affiliations.

4. *Bank Cost Accounting.* The following are suggested topics: How to determine the various costs entering into the business of a bank; the determination of the profit on accounts; distribution of the bank's appropriation to various departments and expenses; forms and records to be used.



5. *Trust Department for a National Bank.* A practical paper showing the possibilities of such a department in a national bank, and describing the steps necessary for its organization and operation.

6. *Developing the Use of Acceptances.* A discussion of such topics as the following: Utility of the acceptance to manufacturers and merchants; how the acceptance fosters better business methods; books and forms necessary in handling acceptances; means of popularizing the acceptance.

7. *Relations with the Federal Reserve Bank.* A discussion of such topics as the following: Dealings between member banks and the Federal Reserve Banks; changes in banking relations wrought by the Federal Reserve System; how non-member banks are affected; check collections under the new system.

8. *Relations Between a Bank and Its Employees.* A discussion of plans for the promotion of friendly relations between the various members of the bank's staff, for the cultivation of a spirit of coöperation and good will and for the maintenance of a spirit of loyalty to the Bank as an institution. This subject also includes profit sharing in all its phases.

RULES OF THE CONTEST

This contest is open to anyone, whether a subscriber to THE BANKERS MAGAZINE or not.

Papers may be on any one of the topics mentioned.

Papers should not exceed 5000 words. They may be shorter, provided that the subject is thoroughly covered. Plans should be expressed clearly and concisely and without the use of unnecessary words.

All papers should be typewritten.

They should be mailed addressed to the Contest Editor, THE BANKERS MAGAZINE, 253 Broadway, New York, not later than May 1, 1920.

Papers should be signed by a nom de plume and be accompanied by the name and banking or business connection of the writer on a separate sheet from the article. The name of the writer should not appear on the article itself, as it will not be known to the judges until after the awarding of the prizes.

THE BANKERS MAGAZINE reserves the exclusive right to the publication of all articles submitted, it being understood that all articles accepted for publication will be paid for whether they win a prize or not.

THE PRIZES

For the best paper.....	\$200
For the second best paper.....	150
For the third best paper.....	100
For the fourth best paper.....	50
For each article accepted for publication, but not awarded a prize.	25



RAY E. BAUDER  
Winner of Fourth Prize, President Bauder-Baker,  
Chicago

THE JUDGES

These gentlemen will act as a board of judges and the prizes will be awarded in accordance with their decisions:

Lewis E. Pierson, chairman of the board, Irving National Bank, New York.

E. D. Hulbert, president Merchants Loan and Trust Company, Chicago.

O. M. W. Sprague, professor of banking and finance, Harvard University; member board of regents, American Institute of Banking.

William H. Kniffin, Jr., author of "The Practical Work of a Bank," "The Savings Bank and Its Practical Work," "Commercial Paper," etc., and vice-president of the Bank of Rockville Center, New York.

Elmer H. Youngman, editor, THE BANKERS MAGAZINE.

FURTHER INFORMATION

For any further information with regard to this contest, inquiries should be directed to the Contest Editor, THE BANKERS MAGAZINE, 253 Broadway, New York.

Glenn G. Munn, winner of the first prize, is assistant manager of the personnel department of the Chase National Bank of New York. He graduated in 1914 from the University of Michigan and in 1915 received an A. M. degree

from the same institution. In 1915-1916 he was an instructor in economics and sociology at Mount Holyoke College. The next year he was an instructor in accounting at the University of Chicago and in 1917-1918 he was an instructor of economics and accounting at New York University. During the War he was cost inspector in the U. S. Naval Reserve Force, with the rank of lieutenant, junior grade. He was discharged from the Navy in January, 1919, and in September of the same year entered the Chase National Bank as assistant manager of the personnel department. Here his duties consist mainly of the administration of the educational work of the bank and the teaching of classes of employees. Mr. Munn, therefore, writes with special knowledge on the subject of bank personnel.

Ralph B. Blodgett, winner of the second prize, was born in St. Paul, Minn., in 1895. He attended grammar and high school in St. Paul and studied agriculture for three years at Wisconsin University. During the War he served a year in the Navy and held the commission of ensign. He studied advertising and banking at Columbia for a year after the War and is now a member of the writing staff of the Harvey Blodgett Company at St. Paul.

H. B. Grimm, winner of the third prize, began his banking career with the Chattanooga Savings Bank of Chattanooga, Tenn. After serving in this bank for six years and receiving a splendid background of knowledge of banking problems, Mr. Grimm went into advertising work and became connected with a firm which specialized in the production of high grade advertising publicity for trust companies. He was later associated with Francis R. Morison of Cleveland, financial advertising counsellor, in which connection he spent several years visiting banks in all parts of the United States and Canada. The experience which he acquired in this way was invaluable to him as he came to know and appreciate the new business problems of banks of all kinds and sizes. In order to be relieved of the strain of constant travel he came to the St. Joseph

Valley Bank of Elkhart, Ind., where he was given full sway in organizing and developing a new business department which is considered one of the most efficient in any country bank in the United States. Mr. Grimm, therefore, writes with special authority on the subject of new business departments for average sized banks.

Ray E. Bauder, winner of the fourth prize, is president of Bauder-Baker, Chicago. He has had fifteen years of banking experience, starting in 1905 when his first connection was with the Galeton Banking Company, Galeton, Pa. Since then he has been connected with the Peoples National Bank of Westfield, N. J., the First National Bank of Taylorville, Ill., and the National City Bank of Chicago. After establishing a reputation for business-getting ability with the two first mentioned banks, he was asked to go to Chicago to organize and take charge of the new business department of the National City Bank of Chicago. This position he resigned on January 1 last in order to enter business for himself. Although his specialty is bank publicity Mr. Bauder has always taken a keen interest in the administrative problems of banks. The daily and cash balance systems which form the basis of his article are examples of his ability to appreciate the technical problems of banks. One of Mr. Bauder's hobbies is finger print identification, on which subject he is recognized as an authority.

#### HOW THE PAPERS WERE JUDGED

In rating the papers the judges were not acquainted with either the names or the business connections of the contestants. Each paper was, therefore, judged on its own merit regardless of the name or experience of the writer. The papers were ranked according to the total ratings of all of the judges, the paper that received the best total rating being awarded first prize, and so on.

#### PUBLICATION OF PAPERS

The publication of the papers will start with the December number of **THE BANKERS MAGAZINE** and will continue throughout the coming year.

# Banking Publicity

Special Section of The Bankers Magazine

NOVEMBER 1920

## Free Advertising That Builds Bank Business

By RALPH P. ANDERSON

Advertising Manager Sacramento Bank

THERE ARE many hundreds of banks, spending thousands of dollars for paid advertising, that do not take advantage of the even more valuable forms of what I call "free advertising." And yet this free advertising can do a great deal by bringing in new customers, making better friends of present customers, and helping a bank generally.

First of all, let me say that I do not mean "free write-ups" or free publicity as we generally use the phrase. In fact, I am emphatically against the policy of trying to get free of charge space which should be paid for. The newspapers are, at last, putting their veto on free publicity, and it is a wise and commendable move, for the stuff pays neither the firm getting the publicity, the reader, nor the publisher. If a bank has something to say, it ought to come out and say it in two-fisted, paid-for space, and not attempt to browbeat newspapers into printing it free. Bankers should look with suspicion on publications which offer a certain amount of free space in order to get an advertising contract. Such publications, if they carry the policy to any great extent, usually lack reader interest, for readers get tired of being fed advertising in the disguise of news. A publication which offers free publicity space is likely to be as lax and unbusinesslike with its circulation statement and in other ways.

Courtesy, cheerfulness, and prompt service are better advertisements for a bank than a full-page, flowery-worded ad-

vertisement with a beautiful illustration and attractive layout.

You and I have both had the experience of reading an advertisement that was so sincere and convincing that we could not doubt that the service it promised would be ideal. We'll say, for example, that it was a grocery store advertisement. Fair prices and courteous, prompt service are promised by the advertisement. That, combined with its promise of prompt deliveries and money back if not satisfied, makes us decide that it's just the store we've been looking for.

So we go to the store. As we

walk in, a small boy comes out of the door wheeling a truck loaded with a sack of potatoes, narrowly missing our shins. We stand and wait, and wait some more while the clerk waits on several people who came in after we did. Finally, the clerk waits on us. "Whadday you want?" he demands, with an impatient gesture and heaving a deep sigh. We timidly ask the price of a sack of potatoes. "Six dollars!" he snaps at us. We can get them for four dollars any place else, so, muttering some sort of excuse and braving his awful anger, we leave.

We decide that, after all, that advertisement was not a good one. It claimed things that actual conditions did not justify.

(Continued on page 735)

*A Bank Statement that any Man or Woman can understand*

### THE CORN EXCHANGE BANK

NEW YORK

Statement of October 1st, 1920

<b>The Bank Owes to Depositors</b> <small>A conservative banker always has this statement in mind, and he explains the entries so as to be able to read and understand the statement.</small>	<b>\$164,787,081.44</b>
<b>For this Purpose We Have:</b>	
<b>I. Cash</b> <small>(Cash, bank notes and specie) and with legal deposits receivable on demand</small>	32,903,018.74
<b>II. Checks on Other Banks</b> <small>Payable on demand</small>	21,460,289.61
<b>III. U. S. Government Securities</b>	46,280,857.79
<b>IV. Loans to Individuals and Corporations</b> <small>Payable when the debt for it, approved by collateral of greater value than the loan</small>	34,230,662.20
<b>V. Bonds</b> <small>Of railroad and other corporations, of best quality and easy saleable</small>	16,631,466.43
<b>VI. Loans</b> <small>On time (not more than twelve months on the average) secured by collateral</small>	55,068,946.94
<b>VII. Bonds and Mortgages and Real Estate</b>	960,996.16
<b>VIII. Twenty-two Banking Houses</b> <small>are located in New York City</small>	3,842,622.70
<b>Total to Meet Indebtedness</b>	<b>\$310,009,154.86</b>
<b>IX. This Leaves a Surplus of</b> <small>which becomes the property of the stockholders after the debts to the partners are paid and is a guaranteed fund upon which no capital and deposits and real estate have been levied since our first year</small>	<b>\$15,312,103.12</b>

*The Corn Exchange Bank Supplies Banking Facilities to Greater New York Through Its Forty-three Branches*

Main Office:  
William and Beaver Streets

A good example of the explained statement, that any man or woman can understand

## Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

NOVEMBER 1920

**W**HY should your parents deal at this store?" was the question asked four hundred school children by a merchant in a city of 20,000. Three prizes were offered and answers were not to exceed 200 words in length. Three teachers acted as judges and the winning answers were framed and displayed in the windows of the store. Not a bad idea for a bank, perhaps.

**SOUVENIR** advertising is all right as supplementary to other advertising. It has two special advantages—it brings people to the bank and enables the bank people to meet them, and it gives an opportunity to build up a mailing list of prospective depositors.

**THE FACT** that channels of information not readily accessible to the public are available to banks makes it possible for them to advertise that every proposition can be thoroughly investigated, and that customers are invited to participate in this service—which is theirs without cost or obligation.

**A BANK'S** officers should always be glad to advise with

customers in regard to investments and business propositions of any kind because a bank's prosperity is dependent upon the prosperity of the community in general and of its own patrons in particular. Enterprises and ventures which drain a community of its surplus funds without yielding a commensurate return are a positive detriment to the welfare of legitimate and established business.

**UNDER THE** heading "A Slogan for Booksellers," A. Edward Newton discussed advertising in an interesting way in the September issue of "The Atlantic Monthly." While it has to do with the advertising of books, primarily, it contains a lot of sensible points of interest to bank advertisers. We commend it to your attention.

**STREET CAR** advertising is essentially "reminder advertising" and for that reason seems to be particularly appropriate for safe deposit business and savings, though we also think it is good for trust and investment business as supplementary to other advertising.

**AFTER INSPECTING** a manufacturer's plant a visitor said: "You certainly have accumulated great assets here." "I am sorry," said the manufacturer that I cannot show you my greatest

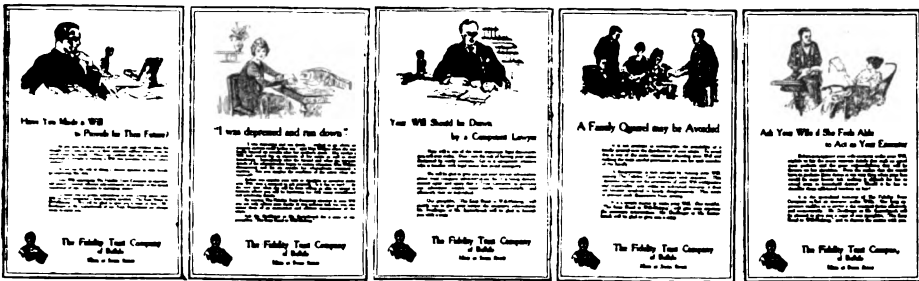
asset. It is the good will my advertising has brought. My factory could burn down tomorrow, and I could rebuild in time, but if I lost my good will this business would be done for.

Does that incident point any moral to you, Mr. Banker?

It is estimated that eighty-four per cent. of the business failures in the United States are among concerns which do not advertise. So many factors go to make up the success of any business that it is impossible to say how much advertising is responsible for, and how much must be attributed to other causes, but let's give advertising the benefit of the doubt as a life-saver for business.

**A LARGE** Chicago bank refunds to any employee who satisfactorily completes an educational course or courses the fee for each course, when not in excess of \$15. When the fee is over fifteen dollars the bank will pay that much and half of the amount over fifteen dollars. This shows what a successful bank thinks of trained employees.

**"THE FULLY-EDUCATED** MAN can think impersonally, being led by naked facts, regardless of the consequences to his own comfort or self-esteem. While the half-educated man lets his passions and desires, beliefs and prejudices direct the all-important processes of his thought."—Prof. Thorndike.



Showing a series of illustrated trust advertisements. In each case the illustration helps to bring home the idea involved

**Free Advertising that Builds Bank Business**

*(Continued from page 755)*

Apparently the advertising man was the only one who realized the value of courtesy.

A state of affairs similar to that existing in the grocery store mentioned is often found in banks. Very often a bank advertises its service more than it does anything else, whether or not it actually renders service as good or better than that offered by other banks. The reason for this is evident—banks do not have the tangible articles to offer that a department store, for example, has. Consequently, the advertising man resorts to advertising courtesy, prompt and good service and other less tangible things. The result is that the prospect is disappointed when he enters the bank, waits in a line five minutes, only to be told by a disagreeable teller that he should have waited in some other line. He fails to see any of the "friendly feeling," "prompt service" and "understanding of your needs" that the advertisement told about. The money that banks spend in advertising service might better be spent in training the employees to really give good service.

I know that good service is the best advertising! And it doesn't cost a cent more than poor service! This is not theorizing, for this bank conducted a test which proved beyond doubt that we get more business through giving good

service than in any other way.

The method was simple. We asked each new depositor why he chose our bank in preference to the other financial institutions of this city. During a period of four months we asked 624 people. Only two people said that they didn't have any reason, which proves that people don't patronize a bank because it happens to be the first one they come to and that they don't "just happen" to enter a certain bank. A total of 233 said that the bank had been recommended to them by a depositor or friend. So isn't it worth while to give John Smith good service, even though his account amounts to only three dollars, when you consider that a good word from him may bring you the accounts of Tom Brown, Jack Jones, and perhaps even others? The right kind of service can make every depositor a new business solicitor for your bank! An additional 68 said that they opened their accounts because a relative banked with us. This number should naturally be included in the 233, as the relative must have liked our service or he wouldn't have recommended it. This brings the number up to 301. In addition, 88 said that they had had "previous business dealings" with us and liked our service, 6 had cashed checks here before, 12 had had accounts with us years before, 2 became acquainted with us when they took out Liberty Bonds, 7 had had dealings with some other department, 2 sim-

ply "liked our service," one met a farmer on the train on the way to Sacramento and the farmer recommended us. These reasons, and five miscellaneous "service" reasons, bring the total up to 425, or almost three-fourths of the grand total. I think that this proves my assertion that good service is the best advertising, although it doesn't cost a cent.

Many things go to make up good service. A willingness to be accommodating in such matters as making change, where there is no immediate profit to the bank, is one of them. Smiling is another. I wish every bank employee realized the cash value of a smile! You know what a difference a smile makes in a store, or a restaurant, or a bank or any place else. You know that it makes you feel that you want to patronize that place again. But do you practice it in your own work? Do you greet your customers with a smile?

I know of a bank that has a negative advertisement right inside its own building. That advertisement is a swinging gate which guards the entrance to the officers' quarters. The trouble with that gate is that it's hard to open. I've seen many customers go up to the gate and give it a push. The push doesn't open it, so he feels for the catch. He gives it a little jerk but the gate doesn't open. He leans over and tugs at the little catch. Meanwhile, his face is getting red and he feels that everyone in the bank

is inwardly laughing at him. Finally, after he does get it open, after perhaps a full minute, he isn't in a particular good humor. He doesn't feel very enthusiastic over that particular bank. Another poor advertisement in that same bank is the narrow space at the bottom of the barred windows in front of the tellers. I've seen many people squeeze their fingers in trying to poke some money on their pass book through the little slit. Such things may seem unimportant,

but they go to make up the general impression the customer receives.

So many things might well be included in the term, "free advertising that brings new business" that I shall not attempt to enumerate them. I will mention a few in addition to those given above. Scratchy pens are poor advertising. Good blotters on every desk are good advertising. Signs which indicate plainly exactly what window the customer should go to are good advertising. (And

have you ever thought that signs which say merely "Receiving" and "Paying" are confusing, as many people don't know whether they are written from the customers' or the tellers' viewpoint. A person going in to add something to his account might naturally go to the "Paying" window, because he thinks of the operation as "paying." "Deposit here" immediately below "Receiving" and "Withdraw here" below "Paying" would obviate the difficulty.)

But look around your own bank. Do you see any opportunities for free advertising?

Letterheads, envelopes, and checks, as well as statements and other forms, offer opportunities for free advertising that doesn't increase their cost. Speaking of letterheads, reminds me that an undecipherable signature, such as are particularly common among bankers, is mighty poor advertising. If you haven't learned to write your name so that it can be read, have your stenographer typewrite below your signature.



## "OUR CUSTOMERS AND OURSELVES"

SOMETHING NEW in the way of impressing customers with what their bank means to them has been produced by the National Newark and Essex Banking Company of the City of Newark, N. J. Briefly, it consists of an illustrated campaign of eleven advertisements showing the various services of the bank, each with the caption "Our Customers and Ourselves" and running over a series of eleven weeks in the various newspapers in Newark.

The unusual part of this campaign is the fact that the customers were "let in" on the plan of the bank. After the advertisements were prepared they were produced in booklet form and thousands of copies distrib-

CCFCO

## Save now—for the time when prices come down

**I**F you had bought certain things last month, they would have cost you more than they do today.

Right now—in this reconstruction period—  
is the time to save.

A dollar in the bank is worth more than a dollar in your pocket because it will buy much more when you spend it later on.

*Deposits in thrift accounts made up to the 10th of October will draw interest from the first of October.*

# CITIZENS COMMERCIAL TRUST COMPANY

MAIN OFFICE, ELLICOTT SQUARE

BRANCHES:

William and Sherman Sts.	Niagara and Tonawanda Sts.
Grant, near Ferry Street	Genesee St. and Jefferson Ave.
Abbott Road and Triangle	

A good thrift message by a Buffalo trust company. The appeal is logical and gives a definite motive for saving

uted to customers and prospective customers. Each booklet was accompanied by a personal letter from Charles L. Farrell, president of the bank, explaining that inasmuch as few persons really understood how close a customer is to the bank, he took this method of showing how much the bank and its customers had in common. The booklets were sent out a week prior to the appearance of the first advertisement so that it was a comparatively easy matter for each one who had a booklet to follow the advertising as it appeared in the various newspapers. Although the entire campaign has not yet run, there is already ample evidence that by the method of taking the customer into the bank's confidence, the National Newark and Essex Banking Company has scored a signal advertising achievement.

The idea for this campaign was conceived by A. C. Livingston, vice-president and trust officer, and was executed by Medley Scovil, Inc., of New York, advertising agents of the bank. Points on banking service were produced in such a simple language that the customer was bound to understand. The keynote of public service is introduced in the first advertisement, the first paragraph of which reads as follows:

"The feeling of friendliness between our customers and ourselves is so strong, and the spirit of co-operation is so evident, that we feel that our customers in helping this institution attain its enviable position as the largest bank in the State of New Jersey are doing a great work for the City of Newark."

Then a tabular statement shows the great percentage of concerns in Newark having accounts with the bank. The common interest is shown by these paragraphs:

"We have always considered our customers as a part of our institutions and as such entitled to every service possible

## Who's Who in Bank Advertising



*Frank Moore Studio, Cleveland*

I. WEBSTER BAKER

**F**EW banks or trust companies in the country have in recent years produced more original or distinctive advertising than the Guardian Savings and Trust Company, Cleveland, Ohio. This success was not an accident, but a logical result—for its publicity manager is I. Webster Baker, a young man of ideas backed by indefatigable energy, now well-known to the financial advertising fraternity. Mr. Baker came to the Guardian a few years ago inexperienced in advertising; but having won distinction as educator, writer and public speaker, and having travelled in nearly every foreign country, he brought to the profession a rare combination of fundamental qualifications.

Mr. Baker is credited with having introduced the hand-painted colored poster to bank advertising. He argues, "the beauty of them arrests attention; and the picture of the message makes the idea linger—the ensemble gets the message to Garcia." His idea has spread everywhere and he is now often referred to as the "poster king." Mr. Baker originated a novel advertising service for the Guardian's country correspondents. They were provided with a suitable loose-leaf binder and each month there is printed and released to them a reproduction of the bank's posters and general advertising for the previous period. Profitable business has followed this service. Mr. Baker has personally written all of this bank's trust department brochures and booklets. Many are the ideas which he has translated into practical business-getting propositions.

## A Bank That Knows the World's Markets

The Union Bank of Canada is in a position to offer American exporters advice which is based upon an intimate knowledge of world conditions.

It is closely in touch with the financial markets of the world through the actual operations of its own Foreign Exchange Department in London, New York, Montreal, Toronto and Vancouver, and has close trading arrangements with banks in Paris and Antwerp.

"A Canadian Bank for Canadian Business."



**UNION BANK  
of CANADA**

Resources Over \$160,000,000

49 WALL STREET, NEW YORK

Good, because of its typographical balance and artistic lay-out

consistent with good banking."

"We are proud of the customers who transact their banking and trust business with us, and find that our customers are equally proud of having their accounts with us, the oldest and largest bank in the State of New Jersey."

Policies of the bank are clearly defined by such verile phrases as the following:

"It is our policy never to increase our business at the expense of having customers who lack moral responsibility."

"We pride ourselves on the personal attention given our customers' business by our officers and employees."

"We feel that our customers in helping to make the largest bank in the State larger are doing a great work not only for the City of Newark but for the State of New Jersey."

"Every transaction which is cleared through this bank and every check drawn on this institution helps to advertise the City of Newark."

"We have never carried on our business with a view to making a profit on each individual transaction."

### DOES FINANCIAL ADVERTISING IN MAGAZINES PAY?

THE MERCANTILE Trust Company of St. Louis recently sent a questionnaire to leading investment banking houses. Its Mortgage and Bond Department officers were uncertain whether their magazine advertising was a profitable investment or not. Acting upon the advice of John Ring, Jr., of St. Louis, they decided upon a survey among those bankers who have been consistent users of magazine advertising.

Fourteen investment houses answered their questionnaire. Some have been using magazine advertising for from five to twenty years.

Eleven of these fourteen houses said national advertising pays. One, which has used magazine advertising in its sales work for more than ten years, added that "it is highly productive." Another, with six

years' experience, said magazine advertising had made it "nationally known" and brought it "many inquiries" and "many new customers." All these four-teen advertisers realize the two-fold purpose of magazine advertising: (1) to make them nationally known; and (2) to add new customers to their lists. And they know that to be effective such advertising must be continuous.

On that basis, financial advertising in magazines of the right character pays and pays well.



### HOW BANKS ARE ADVERTISING

"A SURE INCOME from Investments" is the title of a little pamphlet recently issued by the Commercial Savings Bank and Trust Company of Toledo. It describes the advantages of a LIVING TRUST.

To THE LIST of bank house organs must be added *The Security Magazine*, which is edited and distributed by the Security Trust and Savings Bank, Yuma, Arizona. The initial number carries the announcement that for a trial period at least the publicity efforts of the bank will be confined to the distribution of this magazine in "order to bring to the attention of all the ideals of our institution and the ways in which we may best serve you."

A STATEMENT folder recently distributed by the First National Bank of Pittsburgh contained the following message to women:

#### CONGRATULATIONS TO THE WOMEN

The First National Bank at Pittsburgh congratulates the women on the prospect of voting at the coming election. It believes in equal suffrage and banking rights for women as well as men. This institution has always been a favorite bank with the women of Pittsburgh, and takes pleasure in expressing appreciation of their patronage.

Women are the conservers and distributors of 90 per cent. of the nation's income. They are



**Our Customers and Ourselves**

THE feeling of friendliness between our customers and ourselves is so strong, and the spirit of co-operation is so evident, that we feel that our customers in helping this institution attain its enviable position as the largest bank in the State of New Jersey are doing a great work for the City of Newark.

It is therefore our intention to publish once a week for ten weeks in Newark newspapers a short article reciting some interesting data, and the reason why such a spirit exists.

The articles will be numbered and will appear under the caption "Our Customers and Ourselves."

**NATIONAL NEWARK & ESSEX BANKING COMPANY**  
New Jersey's Oldest and Largest Bank  
Incorporated in New Jersey



**Our Customers and Ourselves**  
(1)

SERVICE is a rather hackneyed term at the present time but we use it for lack of a better expression. Our whole institution is built around serving the public. It is interesting to note in this connection that 70% of our business consists of rendering service to customers. The other 30% consists in loaning money to customers, selling foreign exchange, letters of credit, travelers' checks, etc. The business of our Trust and Safe Deposit Departments is 100% service.

With these figures before us it is but natural that we should use every effort to bring the service which we render to the highest state of efficiency.

**NATIONAL NEWARK & ESSEX BANKING COMPANY**  
New Jersey's Oldest and Largest Bank  
Incorporated in New Jersey



**Our Customers and Ourselves**  
(2)

WE are proud of the customers who transact their banking and trust business with us, and find that our customers are equally proud of having their accounts with us, the oldest and largest bank in the State of New Jersey.

If, however, the service which we render in our various departments of banking, trust, foreign exchange and safe deposit did not meet their needs, then business would go elsewhere.

We are keenly alive to this, and efficient service to our customers is one of our foremost thoughts, with the result that our business is constantly increasing.

**NATIONAL NEWARK & ESSEX BANKING COMPANY**  
New Jersey's Oldest and Largest Bank  
Incorporated in New Jersey

Three of a series of ten advertisements of this bank all headed "Our Customers and Ourselves" See article on page 736

the actual producers of a large part of the nation's wealth.

We shall continue to serve our women patrons in our usual efficient manner, and shall be pleased to give experienced financial counsel to those who wish to avail themselves of this privilege.

Among the features of service offered in the Women's Department are included a reception room, special telegrams, telegrams, telephone and a statement system rendered monthly. Household checking accounts and savings accounts are welcomed.

THE OCTOBER issue of *The Ambassador*, the house organ of the American Foreign Banking Corporation, is issued in a new and enlarged size. The October number is No. 1 of the second volume. Besides items of interest to the bank it contains an article on the credit department by Charles A. Richards.

THE UNITED STATES Trust Company of Boston, which is a member of the Federal Reserve System, takes advantage of the prestige which such membership gives in the following advertisement:

The quality of the banking support you receive is of prime importance. If your bank is to serve you well, it must itself have—as this bank has—the facilities of the greatest banking organization in the world—the Federal Reserve System.

*The Strength of All is the Strength of Each*

The two billion dollars of cash reserve of the Federal Reserve

System gives strength and reserve power to its members.

The reserves of the nine thousand four hundred banks who are members combine to form the reserves of the Federal Reserve System.

THE NOTE of human interest is predominant in the following advertisement recently used by the Seaboard National Bank of Norfolk, Va.:

"I called on Helen and Charlie in their new home last night and my dear, it is a dream. The cutest home I ever saw; a real love nest. Helen and Charlie seemed so happy to be at last settled in their own place with no more visions of weary house-hunting every moving day. But the thing that puzzled me was how did they do it for I knew Charlie made no more if as much as Alfred. Helen confided in me that two years ago she and Charlie decided to save for the day when they could make the needed first payment on their home, balance like rent. And they stuck at it until they had the money. I shall certainly talk seriously to Alfred tonight and see if we too, can't begin to save."

You married people, haven't you such an ideal to gratify? Doesn't the prospect of a home of your own appeal to you? Why don't you start saving at this friendly bank?

Drop in some day and let us open up a joint account for the two of you. No red tape, but a friendly greeting, your signatures and whatever amount you wish to start with.

Remember we'll be glad to see you!

"A COLLEGE Education for Your Child at Two Dollars a Week" is the title of a recent booklet

circulated by the American National Bank of Richmond, Va. The booklet describes a plan for establishing a fund by small weekly investments sufficient to pay for the education of a child. It should have a strong appeal to parents of small children.

A DE LUXE booklet entitled "The Doorway" has been recently issued by the National Park Bank of New York. It is illustrated in four colors, the frontispiece being by Jules Guerin and the water colors at the head of each chapter by Thomas Fogarty. The booklet is a new idea in that it presents the facilities of the bank in a similar manner to that of a catalogue used by a merchant to display the goods that he has to sell. It describes the services rendered by the following departments: Domestic commercial banking; banks and bankers; credit; foreign; foreign trade; trust; Park Union Foreign Banking Corporation; safe deposit vaults; documentary export credit; correspondence; business development and publicity; service.

AN "EXPLAINED" financial statement is used by the National Bank of Commerce, Farmers Loan and Trust Co. and associated banks of Sioux City,

Iowa, and these good paragraphs appear on it:

"We are preparing our statements that they may be easily understood by those who do not always understand the usual bank statement, showing they owe as much on one side as they own on the other side.

"You will notice, we have in cash and Government bonds more than \$3,500,000 in reserve for new business.

"We have from our own resources taken good care of the legitimate banking business of our good customers, and hope to always remain in condition to do so.

"Each year has shown a substantial increase in the volume of our business, and in our capital and surplus."

FACTS CONCERNING Cleveland historically and industrially are given effective presentation in a series of window cards by the First National Bank of Cleveland. The crowds about the bank's window are greater than those in front of some of the merchants near by, even those selling jewelry and wearing apparel. The same thing is true even in New York City. The American Savings Bank on Forty-second Street has a thrift poster that attracts a lot of attention even at the gates of the Great White Way of spenders.

SOME OF THE larger financial institutions are continually issuing booklets, pamphlets and letters on economic and business subjects. These are an important factor in popular education. A vice-president of the Guaranty Trust Company of New York is of the opinion that this is really a public duty. He says:

"So I believe that it is not only the opportunity but the duty of the financial institutions of the country, among whom knowledge of business conditions and economic principles involved must necessarily be the greatest, to spread that knowledge through the widest possible area for the information and education of the public, in the interests of sound legislation and good business from which all must profit."

A VERY progressive advertiser is the Bank of New Richmond, New Richmond, Wis. It recently started a little paper called the "Service Bulletin." It con-

tained some "boiler plate" and local advertising but also some very good bank material, including this little screed on the care of Liberty Bonds:

In spite of the numerous warnings, some people still keep their Liberty Bonds in their homes, offices or stores, thereby inviting loss through fire or theft.

One can scarcely pick up a daily paper without seeing some reference to the loss of bonds. Some are stolen; some are burned when fire consumes the building in which they are kept; and some are misplaced.

There is no reason for these losses, except carelessness.

The Bank of New Richmond will care for coupon Liberty Bonds absolutely free of charge. And in addition they agree to clip all the coupons promptly as they mature and credit them to your Savings account, where they will draw interest at the rate of 4% annually.

All bonds left with the bank are kept in a fire-proof and burglar proof vault, and are fully insured against theft. The bank pays for this insurance and charges you nothing for it. This is one of the many services which the Bank of New Richmond gives its customers free of charge. Anyone may avail himself of it, whether he is a depositor of the bank at present, or not.

If you have not deposited your Liberty Bonds in this Bond Savings Department, bring them in as soon as possible and put them where they are absolutely safe from loss.

## POLITENESS AS AN ADVERTISEMENT

FRAMED IN bronze and hung on the wall of the Harriman National Bank at the corner of Fifth Avenue and Forty-fourth Street, New York City, is this quotation:

"Politeness is the exhibition in manners of speech of a considerable regard for others. Politeness costs nothing, but it is worth a great deal; it is a valuable business asset in dealing with the public. Politeness is the distinguishing mark of manners and good breeding." . . .

This is not a bad motto for a good bank, and there are many worse advertisements than this. One particularly good point about it is the reflex influence on the workers in the institution themselves. They feel on their mettle and become imbued with the spirit of "noblesse oblige," rank imposes obligation.



"HISTORIES make men wise; poets witty; the mathematics subtle; natural philosophy deep; morals grave; logic and rhetoric able to contend."—  
*Bacon.*

PLAY BALL!



THE sooner we quit useless criticism of the other fellow, and ourselves, one and all, get into the game to produce all that is in our power, the sooner we will be over this nerve-racking period of topsy-turvy conditions. The world's salvation lies in production.

Pittsburg Trust Co.

Member Federal Reserve System  
Capital, Surplus and Undivided Profits, \$4,000,000.00  
323 FOURTH AVENUE

Many banks in their advertising are preaching the gospel of increased production

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

### A

Adams, F. E., Will Co. Nat'l Bank, Joliet, Ill.  
 American Nat'l Bank, Pendleton, Oregon.  
 American Svgs. Bank, Springfield, Mo.  
 Anderson, Ralph P., adv. mgr., Sacramento Bank, Sacramento, Cal.  
 Ansley, D., Central Tr. Co., San Antonio, Tex.

### B

Bader, A. F., assistant cashier, Old State Nat'l Bank, Evansville, Ind.  
 Bailey, C. W., cashier, First Nat'l Bank of Clarksville, Clarksville, Tenn.  
 Banco Mercantil Americano Del Peru, Lima, Peru, S. A.  
 Bankers Magazine, The, New York.  
 Bauder-Baker, Union Bank Bldg., Chicago, Ill.  
 Baugher, E. M., pres., The Home Building Association Co., Newark, Ohio.  
 Bennett, H. D., assistant cashier, Capital Nat'l Bank, Lansing, Mich.  
 Billings, K., asst. adv. mgr., Scandinavian American Bank, Tacoma, Wash.  
 Bise, L. A., pres. Citizens Bank and Tr. Co., Tampa, Fla.  
 Branham, D. R., director pub. Hellman Commercial Tr. and Svgs. Bank, Los Angeles, Cal.  
 Brooks, T. J., vice-pres., The Guaranty Tr. and Svgs. Bank, Jacksonville, Fla.  
 Brown, G. W. C., assistant secretary, Tidewater Bank & Tr. Co., Norfolk, Va.  
 Brown, F. A., assistant cashier, Citizens Nat'l Bank, Raleigh, N. C.  
 Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
 Burton, E. C., vice-pres., N. C. Penn Nat'l Bank, Chester, Pa.  
 Busbee, Minnie A., mgr. adv. dep't, American Bank of Commerce & Tr. Co., Little Rock, Ark.

### C

Caplan, H. B., secy. to pres., Canal-Commercial Tr. & Svgs. Bk., New Orleans, La.  
 Clabaugh, S. F., asst. to the pres., The City Nat'l Bank, Tuscaloosa, Ala.  
 Conheim, Herbert J., publicity mgr., Fort Dearborn Nat'l Bank, Chicago, Ill.  
 Coon, Harry J., 68 Farham Ave., Toronto, Canada.  
 Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.  
 Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.  
 Cox, Ray, cashier, American Svgs. Bank, Springfield, Mo.  
 Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
 Culbreth, Eugene E., Commercial Nat'l Bank, Raleigh, N. C.

### D

Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.  
 Dayton, T. S., pub. mgr. Guaranty Tr. Co., N. Y.  
 Dolly, H. E., Tradesmen's Nat'l Bank, Phila., Pa.  
 Delson, Louis E., publicity mgr., Central Tr. Co. of Illinois, Chicago, Ill.  
 Distelhorst, Walter, advertising dep't, First Wisconsin Nat'l Bank, Milwaukee, Wis.  
 Downes, Carroll, mgr., commercial service dep't, The Phila. Nat'l Bank, 421 Chestnut St., Phila., Pa.  
 Dysart, W. E., cash. First Nat'l Bank, Ripon, Wis.

### E

Eberspacher, J. C., assistant cashier, First Nat'l Bank, Shelbyville, Ill.  
 Ekirch, A. A., secy. North Side Svgs. Bank, N. Y.  
 Ellsworth, F. W., vice-pres., Hibernia Bank & Tr. Co., New Orleans, La.

### F

Farmers & Mechanics Svgs. Bank, 115 Fourth St., Minneapolis, Minn.

Finch, E. W., assistant cashier, Birmingham Tr. and Svgs. Co., Birmingham, Ala.  
 Frost, Lloyd A., treasurer, Guaranty Tr. Co., Cambridge, Mass.

### G

Garner, Percy, publicity mgr., Wachovia Bank & Tr. Co., Winston-Salem, N. C.  
 Gehle, Frederick W., mgr. advertising dep't, Mechanics & Metals Nat'l Bank, New York.  
 Gehrken, George A., mgr., New Business Dep't, Seaboard Nat'l Bank, New York.  
 Germs, Eleanor, mgr. publicity dep't, Los Angeles Tr. & Svgs. Bank, Los Angeles, Cal.  
 Grimm, H. B., director, Dep't of New Business, St. Joseph Valley Bank, Elkhart, Ind.  
 Groves, J. W., advertising mgr., Minnesota Loan and Tr. Co., Minneapolis, Minn.

### H

Hall, J. Comly, Farmers and Mechanics Tr. Co., West Chester, Pa.  
 Hamsher, C. F., pres. First Nat'l Bank, Los Gatos, Cal.  
 Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.  
 Hatton, E. A., cash. First Nat'l Bank, Del Rio, Tex.  
 Higgins, A. Earle, Adv. Service, 228 Broadway, N. Y. C.  
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# The Banks Part in Developing Southern Agriculture

By Oliver J. Sands

President, American National Bank, Richmond, Va.

**T**HE growth of banking throughout our section of the country has been coincident with the growth and development of this section. That the banks have already played the most important part in the development of agriculture is to my mind beyond dispute, for the reason that agriculture is the principal business of the South and therefore of necessity must be the chief business of the bank. The small town bank comes in closer contact with the farmer than does the bank located in the larger cities and towns, but in the end the dominating business in any section or territory becomes the business in which all the banks of that section or territory are most interested. To-day millions of dollars of loans are held by Southern banks, based entirely upon the crops. It is safe to say that Richmond banks alone have advanced to the small banks and merchants of the Carolinas at least twenty millions of dollars, besides many millions to local jobbers and merchants, all of which is expected to be paid when this year's crops are sold. Richmond's banking position is not unlike that of other similarly located cities and therefore illustrates the wonderful growth of financial resources the country over during the recent years. Deposits of the Richmond banks in

1890 .....	\$8,749,802.50
1900 .....	16,141,270.00
1905 .....	28,131,678.00
1910 .....	39,846,677.00
1915 .....	43,489,260.00
1920 .....	128,218,750.00

It is of the utmost importance to us to do all in our power to build up financial centers in our own sections. The day for one city to dominate the finances of the whole country is past and the benefits will be greater when our people, including bankers, realize the importance of that fact to them. A few years ago we felt that for any real money we had to go North. Now when we consider that most of the money borrowed by banks is loaned by the Federal Reserve Bank the following statement will surprise you as it did me.

Recently the Comptroller of the Currency stated that Richmond banks were lending in the Southern States more than ten times as much as Baltimore banks and nearly twice as much as Boston, Baltimore and

Philadelphia combined. Richmond banks have loaned nearly as much in the Eastern States as Baltimore is lending in the Southern States. Richmond is lending in the East more than Baltimore is lending in the Western States.

For some years individual banks as well as the bankers associations, both state and national, have given much time and study and expended considerable money in an effort to establish closer relations with the farmer and to improve agricultural conditions generally. The banks have been large contributors towards the employment of county demonstrators and all educational movements looking to the improvement of agricultural methods. Many bank officers and directors are farmers themselves, and this is not confined to the small town bank, for many of those actively connected with the larger institutions are either farmers or at some period of their lives have had experience which enables them to appreciate many of the problems confronting agriculture to-day. The lack of capital in the South since the civil war and the necessity for the payment of very high rates of interest and upon terms which materially added to the cost of credit has been a most serious drawback to our proper development. Whether we would, on the whole, have been much better off if credit conditions had been different is a question, for after our fat years, owing to the lack of thrift, we appear to need as much credit as before. I think however, the whole question is largely one of education. Our Southern people, owing to many natural causes such as racial, climatic, etc., have never been a saving or thrifty people. Figures prepared a few years ago state that in New England the savers to population were sixty per cent., while in Southern states the savers were only four per cent. of the population. With the increase in practical education to our rural population, including Government activities, demonstration, etc., a new period dating back perhaps ten years has been inaugurated, and from now on it seems to me that we can look forward with absolute assurance to the more rapid unbuilding of our rural sections. Tenancy will gradually be replaced by ownership as education advances and the people become thrifty. Thrift will become a natural product of education. The difference between capital and credit will be understood and appreciated, and as

capital increases credit must become cheaper, as we will see as we progress.

The banker realizes the importance of operating at minimum expense and what it means to eliminate middlemen as far as possible. We must co-operate with the farmer so that he can purchase his supplies at minimum prices and sell his products so that he will realize more nearly what the consumers pay.

We know that progress in every section of the Southland has been most remarkable, and we must know that this progress could not be what it has been without active co-operation upon the part of the banks. The bank has no way to live within itself. The mere investment of its capital would be of no profit to the stockholder, because there would be no means of the payment of expenses. It is therefore essential for a bank to have deposits, a large proportion of which it must in turn loan in order that expenses, interest and profit be earned. Its loans must be made to a large extent to the people who keep deposit accounts with it, and to people living within the territory from which the bank secures its business. The growth and development of the section in which the bank is located is absolutely vital and necessary to the bank, and this should remove any possible doubt or question as to the bank's desire to do everything in its power to develop Southern agriculture. There may be here and there instances where it would appear that the local banks were not doing all in their power to develop the locality in which they live, but such instances are rare, and those banks will sooner or later find that such policy is unsound and that business will go to the bank which is alive to the needs of the people it serves. With this question removed the question of ways and means presents itself and a general discussion of our present financial system and its administration.

No class of our people have greater cause for gratefulness to the administration of President Wilson for the improvement in our national banking system and the Federal Farm Loan system than the agricultural people of this country. The farmer, like the manufacturers, railroads, etc., needs a system of capital, or long time financing. This he has never been able to get on a satisfactory basis until the institution of the Federal Farm Loan system. The antagonistic attitude of those who have attacked the constitutionality of that law is to be regretted. The most important and valuable section of the law was that providing for the establishment of the Joint Stock Land Banks. Our practical experience in the establishment and operation of one of these banks, until we were forced to liquidate on account of the attack referred to, demonstrated that it had in it the elements

of more real usefulness to the farmer than any movement in our experience. The constitutionality of this act especially as it relates to joint stock banks—may or may not be upheld, but through the experience gained by the operation of this act there must be developed a system of granting long time credit to farmers which will make capital available to them upon terms and at rates within their ability to pay. We must realize therefore, that until some system for granting long time credit is brought into being, the part which our present commercial banks can take in the development of Southern agriculture must largely be confined to seasonal advances or loans in the planting season, which must be repaid in the marketing season. This is true of all classes of loans made by our present banks. The merchant borrows to take care of his purchases and sales. He should never borrow beyond his ability to pay at least once a year. His capital in business should be provided and loans to him must be predicated upon his quick or live assets. This general principle has been recognized by economists in determining the eligibility of paper for rediscount in the Federal Reserve Banks. Agricultural paper (i.e., paper made by a farmer for loans at bank for the purpose of purchasing fertilizer or other things which enter into the making of crops), is eligible for rediscount at the Federal Reserve Bank provided that the farmer's statement is satisfactory and his paper has not more than six months to run. The paper of merchants, heretofore described, is also eligible. This eligible paper must be endorsed by a member bank, and may be used by the Reserve bank to secure the notes (or money) issued by it in the proportion of sixty per cent. of eligible paper and forty per cent. of gold.

It must be apparent to all that we should guard our currency issues most carefully. There must never be any question as to the worth and value of it. It must be carefully regulated to the needs of business, expanding and contracting with the demand for credit, but at all times so well protected that it can be redeemed whenever redemption is demanded. The forty per cent. gold requirement is the basis fixed by law, and although the Federal Reserve Board has the power to reduce the amount of gold required it was certainly never intended that it should be reduced except under most unusual circumstances. The reduction of the gold reserve might result in serious consequences, bring our reserve notes into bad standing both at home and abroad, and so undermine confidence that the effect of such a reduction would be worse than the disease which we were endeavoring to cure.

In view of the appeals now being made

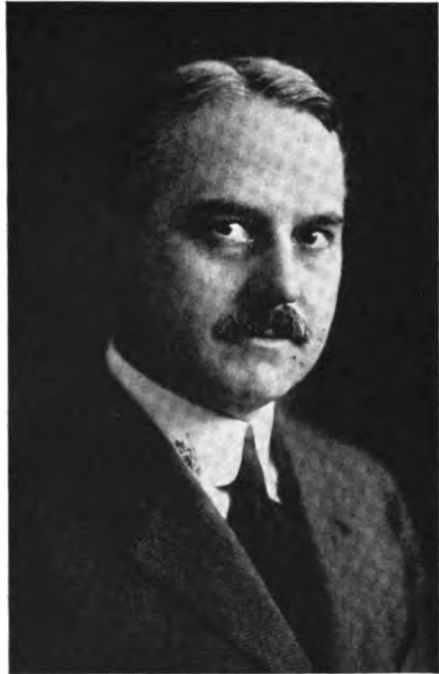
to the Federal Reserve Board from almost every business which is suffering under the inevitable depression after a period of unprecedented inflation and prosperity, it may be interesting to discuss further some of these criticisms and the principles underlying the Federal Reserve System.

Some of us have felt that the attitude of the Federal Reserve banks towards loans secured by government bonds might have been more liberal. That the tying up of practically one-half of the entire resources of the Federal Reserve Banks in taking care of an emergency situation brought upon our government was hardly contemplated in the act which had for its purpose the mobilization of the reserves of the banks of this country so that those banks could better care for the demands of commerce. No good citizen will withhold aid to his government in times of necessity, but that government should be fair and just in its business transactions with its citizens.

The banks and their customers had to buy the war bonds, and as in civil war times, circulation was issued in order to provide a means to pay the bills of the government. The Federal Reserve banks could issue this circulation provided it had the obligations of the member banks and their customers, and provided it held gold, which in this case was the property of member banks and their customers, to put with the government bonds as security for this circulation. You know the story, how the amounts were apportioned to States, counties, towns, and then to the individual banks, and how later the rates were advanced on loans secured by government bonds. This resulted in forcing large additional amounts of these bonds on the market at a time when they were being freely sold in order to take advantage of deduction in payment of excess profits tax, therefore, like other commodities under like conditions the price depreciated, and the holder of bonds purchased at par upon which he owes money is bound to lose whether he keeps or sells. There is little hope of his bonds going to par before maturity, and he must pay more interest than he gets if he holds.

The expansive power of the Reserve banks has been reached, because it is carrying 1,202 millions of loans on government bonds in order to help the member banks carry for themselves and their customers several times that amount of the same securities for their government. The amount of all other bills discounted and bought by the Federal Reserve banks is 1,628 millions. You will see therefore, what an important part the government financing has played in our commercial banking system, how it has consumed 480 millions of the gold which might have been used, if necessary, to take care of commerce. Whether the Board should have authorized the issuance of Federal

Reserve notes secured by member bank obligations with U. S. bonds, and a smaller percentage of gold, and been much more liberal towards and considerate of the millions of people and banks who took the bonds, is a question apart from this paper. We bring the matter up to show how the gold reserve has been consumed by an emergency which had to be met. The only



OLIVER J. SANDS

President American National Bank, Richmond, Va.

possible question in this connection is whether it would have not been better to reduce the reserve requirements on this class of circulation. As we shall see, however, there has been enormous expansion, notwithstanding the financing of the Government's needs, and this only emphasizes the wonderful power and usefulness of a system which the most eminent English banker pronounced the best banking system ever devised.

I will take the risk of tiring you by endeavoring to analyze a little further the present system, because I desire to show in the plainest possible way that the present system of banking is doing its full part in the most intelligent way in the development of all business, including agriculture. I have shown that the only way the Reserve System can further expand is to reduce the

gold reserve (and this would appear unsafe except possibly in the case of notes secured by Government bonds) or it must get more gold from outside sources. All banks eligible for membership in the system should become members and deposit their gold reserves in the Reserve Banks. Now the question arises: Is further expansion desirable and for the best interest of the country?

The total resources of banks of this country have doubled in a little less than seven years, and it should be noted that the increase in bank resources have been practically the same as the public debt created during the period. On February 28, 1920, the total stock of money in the United States was 7.761 million dollars. The actual banking strength was approximately 51,000 millions, which shows that there must have been 349 millions of money in the pockets of our people, or about \$3 per capita, or \$11 per family, which does not appear to be an unreasonable amount. During the same period of time that has been required for our bank resources, or the credit strength of the country, to double it will be seen that the average price of all commodities also doubled. The loans of national banks alone increased from 6,430 millions in June, 1914, to 12,288 millions in May, 1920. An increasing price level has had much to do with this, but the difficulty is that the production of goods has not proportionately increased. By increasing credit we have increased demand without increasing production proportionately. These two factors, demand and production, must be brought nearer together and that can be brought about only by adjusting credit conditions. The shrinkage of loans or credits will cause the payment of loans and the retirement of circulation, and thereby a reduction in the stock of money and an equal decline in the average price of all commodities. It must be seen, therefore, that the only way to reduce the cost of living is to restrict credits. These are the views of students of economic laws.

An interesting comment on cotton I find in a recent study of the price movement.

"The increase in price of cotton has been out of proportion to the increase in the average price of all other commodities, as well as to the supply of and demand for cotton, indicating that cotton has been selling at a figure considerably above normal, and as the trend of prices of all commodities is always naturally toward the normal line, the trend of the price of cotton is still decidedly downward. Lower prices for cotton are inevitable, unless foreign exchange shows considerable advance toward par with this country during the season."

We must believe that we have reached the peak in our inflation process. We have profited to an enormous degree because of

the misfortunes of our brothers, and by expenditures of our own Government. We must know that there is a limit beyond which it is dangerous to go, and that sooner or later the bills must be paid, either by contraction or extraction, in the form of taxes. Credit must, therefore, be curtailed. Speculation in stocks has been restricted. In fact, for months very little money has been available for this purpose. Rates for loans on securities have been extremely high, and banks which were using the Federal Reserve Bank's privileges were not encouraged to expand their loans on any class of paper except that necessary to the commercial business of the country. The charge recently made by one of our prominent manufacturers that big speculative banking interests were behind the deflation program of the Federal Reserve Board is, in my opinion, contrary to the facts as borne out by the experience of the past year. Shares traded on New York Stock Exchange in July numbered 12,786 thousand, as compared with 35,004 thousand in July last year. I believe that all sound banking judgment has been and is now in favor of a gradual return to more normal conditions, and that means a reduction in the cost of commodities which will automatically reduce the amount of credit required and put the banks in position to take care of future production. What better way is there to force liquidation than to make credit upon which it is carried scarce and expensive?

The Reserve Bank does not prevent its members from loaning on tobacco and cotton. If we have the money, we bankers can loan whatever we think safe on any commodity. The Reserve Bank can decide when they have loaned us all they feel it is safe to loan us, and they can stop loaning to us when they have exhausted all their available gold supply. It is not quite fair for us bankers to hide behind the Federal Reserve banks and make them take all the blame. The Reserve Banks do no business direct with the people. They have enabled the banks of the country to do an enormously increased business and have carried this country through a period of most trying character, and their wise administration today will prevent a catastrophe similar to that which followed the inflation period after the Civil War.

We do not like to contemplate what our condition would be today had it not been for the Federal Reserve System. It is perfectly proper that we should consult with the Federal Reserve Board and express our opinions freely and ask their consideration, just as the individual consults and advises with his local banker. We should, however, have greater confidence even in the Federal Reserve Board's action than we have in our local bank, for in one case prejudice, selfish interests, or other local reasons might in-



fluence; whereas, in the case of the Board, there can be no interest except the greatest good to the whole people.

In closing, I feel fully warranted in saying that the banks of our Southland are more fully alive today than ever before to their responsibilities to the section which

they serve, and that they are better prepared to meet the reasonable and proper demands of our people because of the large increase in resources and particularly because of the wonderful benefits which have come to us by the institution of the Federal Reserve Banking System.



## A Day in the Agricultural Department of a Country Bank

By R. A. Ward

Vice-President, First National Bank of Bend, Oregon

**A** BANKER remarked recently after spending some time in our agricultural department, that a recording of the day's activities would be helpful to other country bankers in search of light. Let us assume that he is correct and follow through a sample day's work taken from real life.

Eight-thirty a. m. sees the agriculturist at work on the morning mail. Lots of inquiries concerning feeder lambs and cattle are found among the mail as a result of the bank's efforts to find the best market available for its customers' surplus live stock. A telegram or two announces that the senders are lamb buyers and will arrive on a certain day to inspect and buy lambs. The agriculturist dictates the replies, then gets busy on the 'phone to locate the sheepmen and ascertain where the lambs can be seen. The bank's for sale and exchange list is checked up to find the kind of stock wanted by certain of the inquirers and the replies to these prospective buyers sent out. Another letter wants to know about the climate and agriculture of the community; what kind of farming is practiced, how much rain we have, what is land worth and how much capital is required to start an 80 acre farm. Another letter advises that Tommy's club pig has been run over by an auto and can the bank get him an-

other. Still another letter wants to know where fall rye seed can be obtained, and incidentally can the bank sell a few hundred old ewes for the writer. The next letter notifies the bank's agricultural man that there will be a meeting of the local farm bureau in a town some twenty miles distant the following night, and requests that the bank's representative "be sure and be there." Then follow more letters regarding seed, live stock, sulphur and market conditions. When the dictation is just going nicely, the 'phone rings and some local real estate man announces that he would like to get in just a few minutes before the bank opens and have the agriculturist talk with some prospective settlers. He comes in and leaves with his men just as the clock strikes ten and the bank opens for business.

The agriculturist hurries around and tacks up on the bulletin board the day's market quotations on live stock at Omaha, Chicago, Kansas City and Portland; an open letter from the county agent, and a bulletin advising all who read that orders for farm bureau sulphur may be left at the bank, as well as orders for branded sacks from the potato growers association; another message advises that black-leg vaccine can be obtained from the bank for the asking, and that county farm bureau

strychnine for poisoning jack rabbits is being distributed by the agricultural department. The last thumb tack is hardly in before a woman approaches the desk and wants to know what to do for the lice and aphids that are ruining her cabbage plants. She leaves with a spray formula in her hand.

The agriculturist just gathers up some unread market reports and other unopened literature (remains of the morning mail) when three farmers approach the desk. One wants to list his hay for sale; the second wants to know about what profit can be expected from feeding his hay to lambs, and asks for the various reports prepared by the bank on this subject; the third man, a Mr. Taylor, reports a sick cow describing vividly the symptoms and asking what to do for the animal. It so happens that this farmer lives on the road that the agriculturist has to travel later in the day, so he promises to call and see the patient and makes such a notation on his card.

The next visitor to the desk is a small boy who wants to know if the bank is going to conduct a pig club this year, and asks to be put down as a prospective club member.

The next man to arrive brings a bunch of pedigree papers which he throws on the desk. "There's the pedigrees of some Shorthorns I want to buy, and I wondered if you'd look them over to see if they're all right." The agriculturist glances through the sheaf and notes that one or two recent transfers have not been recorded. He calls the visitor's attention to the fact. "Say, would you mind looking after the recording for me?" the visitor asks. "When are you coming out to see that new roan calf we got from the cow you bought us at the show last year?" he adds as he departs.

The next visitor wants to know if he can make a loan to purchase milch cows with. The agriculturist gets out a farm survey blank and in a few moments that farmer's agricultural statement is completed. The statement and the applicant for the loan are then turned

over to the president. In a few minutes the man returns. "I got the money all right, now I wish you'd help me find the kind of cows I want." The agriculturist looks over his for sale and exchange list and finds a good Scandinavian customer who is especially anxious to sell a few surplus cows: "Here's just the cows you want, out at Olson's ranch," he says. "I am going out by there this afternoon and will be glad to have you go along if you like to." The man agrees.

It is now close to lunch time, and the daily papers call up for change of ads. The agriculturist yanks out the advertising file, selects the agricultural copy prepared the night previous, jumps into his jitney and is soon at the newspaper office. "Anything new among the farmers of the county?" the editor asks as he checks over the ad. "The bank bought an \$800 ram and 75 pure-bred ewes for the Tumalo farmers," the agriculturist replies. "Here's a list of the men to whom the sheep are to be distributed." Having gotten this much free advertising for the bank, the agricultural man goes to lunch.

Returning to the bank the president calls him into his private office. "I am worried about this loan," he says, indicating a chattel mortgage lying on his desk. "We made it some time ago and I wish you'd go out there and check up on the security. I understand this man isn't making much progress." "I am going out to a Shorthorn breeders' meeting in that locality this afternoon," says the agriculturist, "and will look over this stock on the way out." On the open road to the afternoon activities, the agriculturist takes a good whiff of mountain ozone, and makes a comment or two on passing live stock to the man who is going along to buy cows. The new customer is thoughtful for a while and then unburdens himself in this manner: "You fellows sure have gone to a lot of trouble to accommodate me. I didn't expect to get that loan, being very nearly a stranger to both Mr. \_\_\_\_\_ and yourself. I am a new-comer here and not knowing any of you

bankers very well, I put \$8000 in the \_\_\_\_\_ Bank at \_\_\_\_\_ town. Guess I'll deposit that with you fellows when we get back to town."

The ranch where the doubtful loan was made is reached. The agriculturist looks over the cattle, checks them off the list, and inquires after one or two that are missing. When this is done, the ranch is looked over carefully, a farm survey blank filled out together with recommendations, and the car speeds on to the community hall where the meeting is to be held. Some twenty farmers are present and after preliminary hand shaking, the meeting gets down to business. The men are planning on making their first exhibit at the Pacific International Stock Show and they want the bank agriculturist to take charge of the work if it can be arranged. As the bank financed the men in the purchase of most of the stock in the first place, the agriculturist believes it can be arranged and the meeting adjourns. On account of lack of time the bank man has to refuse invitations to visit several nearby farms and inspect some newly arrived Shorthorns, but promises to get around as soon as possible.

Ole Olson's ranch is the next stop, and the agriculturist presents Mr. Brown and explains what he wants. Ole smiles broadly and leads the way to a scrupulously clean cow barn where some twenty head of sleek Jerseys are

just starting on the evening meal. "I've got to sell a few cows on account of lack of feed," explains Ole, "but I'm not going to slough off on you a bunch of culls. I've got the testing association's records here on all the cows, and while I am not going to sell you my best cows, I will sell you good ones." This kind of talk impresses Brown; he makes the purchase and two of the bank's customers are made happy.

It is getting dark by this time, and the agriculturist hurries along to Taylor's ranch just as the lights begin to flicker in the farm house windows. Taylor meets him at the gate. "Thought you weren't going to make it, it got so late," he explains. "The cow's worse this evening." By lantern light they visit the box stall where a nice Holstein is stretched out in what, to the agriculturist's mind, is milk fever. After a few questions concerning the cow's age and the arrival of the last calf, the agriculturist decides it is milk fever all right, and brings from the car his milk fever outfit. The udder is pumped up, a simple stimulant recommended, and the request made to call up the bank the next day and report on the patient's condition. The men jumped into the car and it whirls away to Bend. Brown finds his Ford car and starts home. The agriculturist lets himself into the bank, signs and mails the day's letters, then hurries home and calls it a day.



# Are Bank Advertisers Awake to Their Opportunities?\*

By Edward H. Kittredge

Publicity Manager, Old Colony Trust Company, Boston, Mass.

I HAVE often asked myself why it is that bank advertising as a whole lags so far behind the best of the so-called "commercial" advertising—both in breadth of conception and in variety of technical treatment. The banker is a business man—he knows the part advertising plays in modern business. He knows its value as a good-will investment and as a business insurance. Why, then, in his *own* advertising does he remain so dull and commonplace?

Of course, there is the obvious reply that the banker, besides being a business man, is also a professional man. He shares the professional man's aversion to talking about himself in print. He thinks there is a big difference between talking about his goods and talking about himself. And, of course, there is. But is it necessary, in order to be conservative, to limit his advertising to a few perfunctory words concerning the bank's facilities, service and personnel? Very few banking institutions can specifically claim superiority in their service. The type of bank that offers *more* than its competitors offer invites the loss of prestige in the eyes of the public. Eventually the clients of such banks would begin to fear these institutions were not conservative.

This word "conservative" is the key to the difference between commercial and banking advertising. Even the *least* conservative manufacturer or merchant wants to deal with a conservative bank. It is the bank's *business* to conserve. And, whereas practically all commercial advertising approaches the public in a buying or spending mood, with bank advertising the case is exactly opposite.

Where many bankers have made a mistake, however, is in confusing conservatism of statement with conservatism in method. They realize that it

is not possible for them to adopt straight, "punchy" selling language for their advertising, and they have mistakenly considered that the only alternative is to continue the commonplace generalities that have been the portion of bank advertising from time immemorial.

In pursuing this course they have overlooked the possibilities of broad gauge publicity, as evidenced by many of the most prominent commercial advertisers. The best known instrument of photography in the world has been largely advertised without any positive "selling" argument at all. But it has been associated continuously and indelibly with the march of human progress. The first motor truck sold on the American market has increased its prestige enormously, not by arguments as to its construction, but by persistently advertising itself in association with big industry. Why cannot a similar method be used for banking institutions that have reached a stage beyond that of the bank, which advertises the advantages of a family check account or a savings account to send the boy or girl through college? Why cannot the same kind of advertising brains and ability be applied to broad gauge bank advertising as have been applied to prestige advertising for huge industrial enterprises whose problems of good-will entrenchment are more important than their immediate problems of sales volume?

The answer is that they *can*. As an instance, a case with which I am naturally most familiar, when we of the Old Colony Trust Company decided to utilize advertising on a scale we had not hitherto considered, we also planned—and at the very same time—with a

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\* Address before Bank Advertising and Publicity Conference at the American Bankers Convention.

broad gauge purpose and endeavored to employ broad gauge methods. If a motor truck or an asbestos roofing or a brand of bond paper can be successfully associated with big industry, surely a big banking institution can be given the same kind of prestige. This was our line of thought, and in carrying it out we drew upon the full resources of modern advertising technical treatment.

The material was plentiful and we were therefore enabled to put our idea into full effect. The whole range of New England's principal industries was run, in the effort to arouse a keener appreciation of the modern New England—her resources, her developments, her future, as a "land of promise." It is not a new thing for a city or a state to advertise itself, but this is, I believe, probably the first time that a banking institution has undertaken to advertise a whole section of the country in this way.

By some, this advertising might perhaps be described as "altruistic," but I wish to assure you that we, ourselves,

hold *quite* a different opinion. Our advertisements have been based on the belief that the prosperity of a banking institution is but the reflection of the prosperity of the whole community; in short, the greater the business of New England, the greater the business of our bank. This campaign, therefore, is aimed at nothing less than the advertising of New England to the rest of the country.

In carrying out prestige advertising of this sort, one does not have the pleasure of seeing direct returns come in tomorrow or the day after tomorrow. However, we *have* had what is perhaps the *deeper* satisfaction of comment from all over the country, which indicates an appreciation of the kind of work we are doing and a respect for our institution. Furthermore, we are satisfied on one point, that the banking business can safely and successfully take, when opportunity offers, as broad a view of its relations to the public as does any industrial enterprise.



## A Few High Spots in the Present Financial Situation

By E. W. Kemmerer

Professor of Economics and Finance in Princeton University  
Specially written for *Garfield National Bank, New York*

### THE SEVEN PRE-WAR YEARS

**T**HE expression "we are often not able to see the woods for the trees" is an old one, but it describes well the chief difficulty most of us in the United States have to-day in understanding the present financial situation. This brief article is an attempt to rise above the trees and to see in broad outline a few of the larger financial forests.

The seven years between the panic of 1907 and the outbreak of the European war were seven years of great economic instability. Crops were, on the whole, good throughout most of this period, the years 1911 and 1913

being the only important exceptions. The financial ship had plenty of power but made little progress. Political winds buffeted her about and the officers and crew were so much concerned and so busy with the task of cleaning up the ship that they could give little attention to the task of driving her forward. This septennate was therefore a period of alternate progression and retrogression. There was a strong forward movement in 1909, then a setback in 1910; the engines pounded hard in 1911 but the ship made little progress. The year 1912 witnessed another forward movement, only to be checked in 1913 and early 1914. Then came the great war.

## CAUSES OF PRE-WAR INSTABILITY

These were the years of the money trust investigation and of a vigorous anti-trust program by the attorney-general. They were years of much legislation, national and state, directed toward the elimination of the abuses of big business. However necessary these house cleaning measures may have been and however conducive to a sound economic progress in the long-run future, they did not make for driving optimism at the moment in the world of finance.

This was the time of rapidly rising prices, and of slowly rising rates of interest yield on long-time securities. From 1906 to 1913 the United States Government's index numbers of wholesale prices increased approximately  $12\frac{1}{2}$  per cent., or an average of 1.8 per cent. a year; and the Government's index numbers for retail prices of food increased approximately 36 per cent., or an average of  $5\frac{1}{8}$  per cent. a year. Unfortunately there are no comprehensive wage statistics of a satisfactory character for the period, but such scattered figures as are available for the United States, and the more comprehensive figures for Canada whose price and wage movements usually run closely parallel to those of the United States, seem to justify the conclusions that wages on the average did not rise as rapidly during this period as did retail prices, and that in a very large number of industries wages lagged far behind the cost of living on this upward move. Throughout the period there was an increasing agitation against the high and rising cost of living.

## THE GOLD STANDARD

This upward movement of prices, wages and interest rates was due to many causes, but by far the most important cause was the large and increasing production of gold during these years and the years immediately preceding. The unit of value in the United States is the gold dollar, consisting of 25.8 grains of gold .900 fine coined into money. Inasmuch as there is no charge at the United States mints for coining gold into money and as anyone may have gold coined into money at the mint on demand, the value of 25.8 grains of gold .900 fine and the value of a dollar of United States money are always essentially the same. The two are interchangeable at practically no expense—bullion into coins by taking it to the mint for coinage—coins into bullion by melting down the coins. The values of every other kind of money move upward and downward with the value of this standard unit, the gold dollar. Every American price is an expression of the value of a commodity in terms of the value of this gold dollar. Changes in the demand for gold and in the supply for gold affect prices, therefore, just as truly as do changes in the demand for goods and in the supply of goods. This

elementary economic fact is often overlooked in discussions of the cost of living.

## GOLD PRODUCTION AND ITS EFFECT ON PRICES

From 1906 to 1913 the world's annual production of gold increased from 19,471,000 ounces to 22,250,000, an increase of 14.3 per cent. The production in 1913 was 2.3 times as large as that of 1896. Gold being a very durable commodity, the existing supply is a contribution of many years. The demand for gold from 1896 to 1913 was not increasing anything like as rapidly as the supply; the value of gold therefore fell. In other words, it kept requiring a continually increasing amount of gold to buy the same amount of goods and of labor. Prices and wages rose. Prices, however, rose very unevenly among different kinds of commodities; and wages very unevenly among different kinds of labor. As usual, wages lagged behind prices on the upward move, although in some industries, and in most industries in some localities, they rose more rapidly than prices. Fortunately for labor, wages also lag behind prices when prices fall. Rising prices stimulate the demand for capital to take advantage of an advancing market, and this fact, together with the fact that dollars borrowed during a period of rising prices are normally paid back in cheaper dollars (namely, dollars of less purchasing power) than those borrowed, tended to push up the interest rate. Such a period is naturally one of heavy demands for labor, but of much labor discontent over the rising cost of living. To many the H. C. I. appeared to be a monster "whose first name was profiteer" and who was everlastingly devouring their hard-worked-for and hard-fought-for wage advances.

This was the situation when the great war broke out in August, 1914.

## NEW FACTORS DOMINANT IN 1914

A new set of forces now began to dominate the financial situation. From the standpoint of present financial problems three of the most important of these forces were:

- 1—The withdrawal of millions of men from the pursuits of peace to the pursuits of war. At the time of the armistice the ration strength alone of the allied and enemy forces was ten million men.
- 2—The destruction and loss by deterioration of many billions of dollars' worth of the world's accumulated capital. Direct war expenditures of the principal belligerents down to April 30, 1919, are officially estimated at \$186,000,000,000.
- 3—A world-wide inflation of currency and circulating bank credit, resulting in a tremendous upheaval in the distribution of the world's wealth.

## THEIR EFFECT ON CAPITAL AND INTEREST RATES

The wholesale destruction of capital inevitably led to a great advance in interest

rates. An interest rate is fundamentally a rental price for capital. Fluctuations in interest rates are the results of the interaction of the forces of demand and supply applied to capital. The destruction of capital on a large scale at a time when the world's needs for capital were exceptionally urgent caused a great advance in interest rates. Some United States Government securities are now yielding as high as 6 per cent.; England's public debt is to-day paying in the neighborhood of 7 per cent.; Switzerland's is paying about 8 per cent., and those of France and Belgium between 8 and 9 per cent. High-grade preferred stocks are a drug on the market at 7 per cent. Capital then is much dearer to-day than it was prior to 1914 as a result of the war. As the work of reconstruction proceeds and as the world's depleted capital equipment is again built up, interest rates will fall. This conclusion is strongly supported both by theory and history. It is an elementary fact of great significance in the present situation. We shall return to it later.

#### CURRENCY AND CREDIT INFLATION

Of equally great importance is the fact that chiefly through currency and deposit credit inflation, which was resorted to as a method of war finance by all belligerent countries, the purchasing power of the monetary unit in every belligerent country has been cut to a minor fraction of what it was in 1913—in some countries as, for example, Russia, Austria and Germany, to a very insignificant fraction. In most belligerent countries the gold standard has long since been abandoned, and the actual monetary unit to-day is a unit of depreciated paper money. The paper pound of England now has only about one-third of the purchasing power over goods at wholesale that the sovereign had in 1913. The paper franc of France has approximately one-fifth of the purchasing power the gold franc had in 1913. Even in the United States, where the gold standard has been retained, the dollar has only about two-fifths of the purchasing power over wholesale commodities it had immediately preceding the war.

#### GOLD INFLATION

Belligerent Europe, in part payment for the huge supply of war materials she purchased of us, flooded us with her gold. Between August 1, 1914, and September 30, 1920, we have had net gold importations of \$719,000,000, an amount equal to the entire gold production of the world for about two years at the present rate of production, and equal to nearly one-half of the total gold circulation of the United States in 1913. This great influx of gold tended to make gold cheap in terms of goods—in other words, to make prices high. During all

these years we devoted much of our capital and a large part of our available labor force to the production of war supplies to be blown to pieces or used up in fighting.

Our merchandise exports every year since 1913 have vastly exceeded our merchandise imports—the total excess officially reported for the six years 1914 to 1919 having been nearly \$16,000,000,000. This has lessened the supply of goods at home and is making goods scarcer than they otherwise would have been, and has therefore tended to make them dearer in terms of money—in other words, has pushed up prices.

#### INFLATION FROM REDUCED RESERVES

By reducing ultimate legal bank reserve requirements to approximately one-fifth of their pre-war percentage, and by greatly reducing actual reserve percentages by pumping into the circulation vast quantities of Federal Reserve notes, and by increasing our check circulation through the expansion of bank deposits largely on the basis of loans secured by the public debt, we have filled our circulation with substitutes for gold, thereby making gold much cheaper than it otherwise would be in terms of goods—in other words, making prices higher.

#### PHYSICAL VOLUME VERSUS DOLLAR VOLUME

From 1913 to 1919 the physical volume of business carried on in this country, namely, the number of bushels, tons, yards, gallons, etc., handled, increased about 10 per cent., the amount of money in circulation increased 71 per cent., and the amount of deposits subject to checks about 120 per cent. No wonder the high cost of living of 1914 is now more than twice as high as it was then.

#### THE PRESENT DOLLAR

The dollar of to-day in its purchasing power over the things that enter into the cost of living is a very cheap dollar. It isn't worth over forty-seven cents of the dollar of 1914, nor over forty-two cents of the dollar of 1906.

#### THE DOLLAR OF THE FUTURE

As business recovers from the destructive years of war; as our capital equipment is built up and the volume of our economic production increases; as Europe recuperates and as she draws back from us her fair share of the world's gold supply; as the public debt is reduced and our bank note and deposit currencies are deflated, we may expect prices to fall—not to their pre-war level, but a substantial distance in that direction. In other words, there is a strong prospect that the dollar of the future will be a dollar of much greater purchasing power than the dollar of to-day.

## FUNDAMENTAL FACTS

Here then are the two most fundamental facts in the present financial situation. Capital to-day is scarce and dear—a fact that finds expression in abnormally high interest rates. Capital is likely to be more plentiful and therefore cheaper in the future. Interest rates will fall and the prices of high-grade bonds will rise. Money to-day is cheap as expressed in its abnormally low purchasing power over commodities. It is likely soon to be dearer. In other words, commodity prices will fall.

## PAY YOUR DEBTS

From this situation the lesson is plain; *if you owe a debt, pay it now if you possibly can.* You will probably never again

be able to pay it with as cheap dollars as you can to-day. For only one purpose is the dollar of 1920 as good as the dollar of 1913 or of 1906. *That purpose is to pay old debts.* The moral then is, while interest rates are high and the dollar is cheap, pay up.

## SAVE AND INVEST

In the second place, after paying up invest every dollar you can save in high-grade, long-time securities. There are none better than United States Government bonds. You will thus clinch for a period of years a high interest yield, obtain payment of interest and principal in dollars of much greater purchasing power than the dollars you invest, and incidentally render a high public service in helping build up the world's sadly depleted capital resources.



## The Resources of Cuba

[From the "History of Cuba," by Willis Fletcher Johnson, A. M., L. H. D.; by permission of the publishers, B. F. Buck & Co., New York.]

**T**HE fifth volume of Professor Johnson's new and comprehensive "History of Cuba" deals with the resources of the country, and it very naturally and very justly paints a glowing picture of the fertile Island Republic.

In geographical situation—midway between the two continents of the Western Hemisphere—and in climatic conditions—embodying the tonic properties of northern climes without their severe fluctuations—in topography—offering a varied contour of mountain, valley and plain, a rich endowment of springs, rivers and harbors—in all these important elements Cuba is most fortunate, as she likewise is in the richness of her soil and the luxuriance and variety of products.

Recognizing that the people of a country have much to do in making the country what it is, the author devotes several pages to a careful analysis of the traits of the Cuban race. He says that if asked to name the most prominent characteristic we should probably

be justified in saying: unflinching hospitality, exceptional courtesy, and unmeasurable love of children.

## AGRICULTURAL PRODUCTS

Cuba is an agricultural country; but, instead of cotton or wheat or corn being "king," that sovereignty belongs to sugar. The sugar crop of 1918, amounting to 25,346,000 bags, or 3,620,857 tons was sold for over \$350,000,000, and the crop of 1919, consisting of 27,769,662 bags, equivalent to 3,967,094 tons was valued at about \$500,000,000—the latter amount representing \$200 for every man, woman and child on the Island, against a per capita value of \$30 for the corn crop of the United States.

Natural conditions have greatly favored the growing of sugar cane in Cuba, and the demand for sugar throughout the world has increased so rapidly that it is not surprising that this has become the paramount industry of the Island Republic.

The total area of Cuba is estimated



at about 30,000,000 acres, of which it is not considered probable that more than ten per cent., or 3,000,000 acres, is adapted to and now available for the profitable cultivation of sugar cane, with sugar at even relatively normal pre-war average prices. It is even regarded as doubtful if even continuance of the present high prices could greatly enlarge the present available area.

Added to the fertile soil of Cuba is the favorable climatic condition, which permits the growing of several crops at any time of the year. On the other hand, such crops as wheat, rye, oats and barley can not be successfully grown in Cuba, except on the elevated plateaus of Santa Clara and Oriente.

The tobacco industry in Cuba is said to date from the time when Columbus and his followers noted that the Indians wrapped the clippings from dark brown leaves in little squares of corn husks, which they rolled and smoked with apparent pleasure. This habit of the natives was soon imitated by the Spanish discoverers and conquerors. It was found that the best quality of the weed was grown in what is now known as the Vuelta Abajo—an area not exceeding thirty miles from east to west and not more than ten miles from north to south. It is said that the secret of the superiority of the tobacco grown in this restricted locality over that grown in other parts of the island is not known. With the use of cheesecloth as a protection against cut worms, from eight to twelve bales are taken from an acre, representing a value of \$200 per bale. There are in the region referred to some few specially favored spots which produce a quality of tobacco so fine as to command from \$100 to \$500 a bale of between eighty and ninety pounds.

Henequen and sisal are crops which are already yielding good returns with an even more favorable outlook for the future, with an enlarged area devoted to these profitable crops. Coffee and the various citrus fruits are also among the profitable crops of this fertile region. About 125,000,000 pounds of

bananas are being exported from the island annually, valued under normal conditions at a little over one million dollars. The bulk of the banana production of Cuba is, however, for domestic consumption.

#### STOCK RAISING

Cuba is well adapted to stock raising, because of the mildness of the climate, abundance of water, grasses and forage grains.

While much of the territory formerly devoted to grazing purposes has been recently planted in sugar cane, there still remain hundreds of thousands of acres of well watered and well drained lands that possess all the conditions desired for stock raising. It is estimated that if these lands were sown to grasses and forage plants they would produce, under proper management, returns per acre quite as satisfactory as those derived from sugar cane.

#### OTHER RESOURCES

With such a climate and soil, Cuba is naturally well adapted to the growing of garden vegetables, and this constitutes an important source of profit, especially in those localities where good markets are accessible.

The mineral resources, including copper, iron, nickel-bearing ores, chrome, manganese, are found and also asphalt and some petroleum.

There are 367 varieties of forest trees, more than one-half of which being susceptible of a high polish. For purposes of manufacture, carriage making, naval uses, house building, cabinet work and fine carving, or general construction, Cuba has many woods of unsurpassed merit and often of rare beauty. Along the southern coast of Cuba, bordering on the Caribbean, especially in the Province of Camaguey, are still large areas of virgin forests growing on low, flat lands. Some of these are traversed by streams, down which the logs are rafted during the rainy season.

# I Met Him on the Street

By L. J. Morgan

The First Trust Co., St. Joseph, Mo.

He backed me up against a drug store, and told me of a wonderful proposition—something that would make me rich;

He wanted me to invest in it right away because it was going to cost more soon and he wanted me to get in on the ground floor;

And he told me with tears in his eyes that I ought to get more for my money than the four per cent. interest I am getting from the bank—oh! so much more—and that he was in a position to get it for me.

He spoke of my duty to my family and worked on my feelings 'till I almost cried;

And then he showed me a pretty paper which was all engraved and had golden seals attached to it and was 'most nice enough to be framed and hung in the parlor;

And he explained that it was stock of some kind or other, and that all I had to do to get rich was to own that paper;

And that it would be mine if I would draw my four per cent. money from the First Trust Company and give it to him;

So I said, "Let's go down there and talk it over with the Trust Company;"

But just then he saw across the street another man he wanted to talk to, so he left me, and I haven't seen him since.

I wonder why?



## Observations of an Outsider

### A Non-Banker Gives His View-Point on Banking Service

I SAW a "run" on a bank the other day. It was exciting, of course, but I was struck particularly with the fact that nine-tenths of the excitement was contributed by foreigners. I wonder why the banks don't try to educate these foreigners as to even the extreme protective measures which our banking laws afford as a safeguard against huge losses.



Shortly after the "run" I went over to one of the older, stronger, more conservative banks to introduce a friend who wished to deposit quite a sum of money there. I knew that he was not an "alarmist," but I also knew that he had money tied up in one of the closed banks. So I had asked the treasurer of the bank in which he proposed to make this new deposit to talk to my friend about the banking situation in general and his own bank in particular. The brief talk that that treasurer gave my friend was the finest bit of real salesmanship I have seen for a long time. He didn't knock the closed banks, he didn't draw odious comparisons, he simply "sold" the prospective customer on the strength of the directorate of his bank, its reputation for sane conservatism and its record of progress, and he wound up with a brief talk on the fundamentals of sound banking.



A bank in one of the prosperous suburbs of a large city wanted, for

strategic reasons, to open a branch in the heart of a fine old residential section of their town. There was no building available so the bank had to erect its own quarters. The best of it is that the architect and the bank officials have combined to plan out a building that fits in with the tone and character of its unique surroundings with the utmost harmony. I predict that the new building will prove a tremendous asset.



An investment banker told me that he was heartily in sympathy with the move to put a stop to the extravagant advertising done by the "fly-by-nights." I quite agree with him, but I also believe that the real investment bankers might take a leaf from the fly-by-nights' book and make their advertising a bit more attractive. The fly-by-nights have nothing in stock except an ability to write alluring advertisements while the real bankers can—if they will—write advertisements that are just as attractive, with the added feature of being able to "deliver the goods."



Man stopped me on the street the other day. Pointed over to one of the good old banks of Boston and said "Say, that's one of the banks that has gone up, ain't it?" "No," I replied, "that bank has not even been threatened." "Well, anyhow," he snapped, "I guess they're all alike." Too bad the muzzle

law can't be applied to loose tongues like that.



I asked a bank president the other day what percentage of small checking accounts would, in the course of a reasonable time, become profitable ones for the bank. His reply was that it all depended on the bank. His bank welcomed small accounts and made a sincere and successful effort to nurse them up to profitable ones by personal appeals to the pride of the depositor. If a deposit proved to be "habitually" small it was later dropped after a

courteous explanation as to the reasons why it had to be dropped.



The other day I saw a bank fall down badly on an otherwise well-deserved reputation for courteous service. It was just five minutes before closing time on a very busy, trying day. Several customers had rushed in. They knew they were late—perhaps they couldn't help it, perhaps they were habitual offenders. However, the "service" they got would have made the sergeant in a central police station blush.



## Book Reviews

**BUSINESS RESEARCH AND STATISTICS.** By J. George Frederick. New York: D. Appleton & Company.

In this book the qualifications of the researcher and the statistician, and the importance and nature of their duties are analyzed in detail. Basic principles are given and there is an exhaustive treatment of such topics as forecasting and developing of business problems, the make-up of research departments, market and distribution, the technique of specialists and field investigators, and management problems. This is a complete and workable aid for the business man and for the student.



**BANK CREDIT.** By Chester A. Phillips. New York: The MacMillan Company.

A book for banker and merchant, explaining commercial credit and giving a detailed analysis of mercantile credit, the interpretation of credit statements, and the evaluation of different items. From the bank's point of view, the exposition gives a basis for judgment as to the value of mercantile paper that is

offered to it. From the merchant's point of view, it enables him to understand what principles the bank applies in analyzing his statement.

The first part of the book is devoted mainly to an explanation of the way in which cash in banks becomes the basis of manifold loans and deposits, and to a statement of the relation of loans to the other principal items of the bank balance sheet. Part two considers the factors underlying and affecting the soundness of the contents of banks' portfolios.



**CURRENCIES AFTER THE WAR: A SURVEY OF CONDITIONS IN VARIOUS COUNTRIES;** compiled under the auspices of the International Secretariat of the League of Nations. London: Harrison & Sons.

This is a most valuable publication for the use of those who wish to study present currency conditions and to compare them with the state of the world's currencies which existed prior to the war. It affords a clear and full statement of the currency situation in all

the leading nations, with a wealth of statistical information. The book gives the first full exposition of this most important matter yet published, and is therefore of great value to bankers, economists and students of finance.



TRADING WITH THE FAR EAST. New York: Irving National Bank.

Detailed information on the commercial, industrial and natural resources of every country in the Orient which is a factor in foreign trade is compiled in this book. The countries treated include Japan, Chosen, Formosa, Siberia, the Chinese Republic, Philippines, India, Ceylon, etc. Trade needs, customs and methods of business in each of these lands are described, as well as the racial characteristics of the various peoples which inhabit them.

Special attention is given to the technical aspect of the business of exporting and importing. Methods of organizing one's business for overseas trade and selling goods in eastern countries, together with the preparation of documents for incoming and outgoing shipments, are dealt with in detail. Separate chapters are devoted to the functions of banks in the financing of import and export trade, marine insurance, value of advertising, routes for salesmen, tariff information of the various countries, and packing of merchandise for transport to distant lands. In

addition, the volume contains a wide range of miscellaneous information, all of it designed to be of value to the foreign trader.



SPECULATION AND THE CHICAGO BOARD OF TRADE. By James E. Boyle. New York: The Macmillan Company.

A straightforward, business-like study of the Chicago Board of Trade. The book is a report particularly on the two big problems of future trading and speculation. A lucid account of the advantages of speculation is given. Mr. Boyle has made a first-hand study of the country elevator business and of the various terminal market problems, thus getting in touch with the "practical" side of marketing. The book is the product of several years of study of the theory and practice of all parts of the grain trade.



THE LEAGUE OF NATIONS AT WORK. By Arthur Sweetser. New York: The Macmillan Company.

This volume tells what the League has accomplished up to date. Mr. Sweetser was a member of the American Peace Commission, and is now a member of the Provisional Secretariat of the League of Nations. The author has presented concrete facts and wishes his readers to judge by the facts given, being impartial insofar as possible for a firm believer in the League of Nations.



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house is cashier of the Guaranty Trust and Savings Bank of that city, and has devoted much special study to the needs of banks for the practical type of information which his new book contains. What gives his work special value is the fact that it is a growth from his own banking experience. He has a clear understanding of what bankers want to know because he has met with these problems continually in his own work

in the bank. The scope of his inquiries includes practically all the matters collaterally related to banking practice, such as banking and commercial law, the national banks, Federal Revenue System, savings banks, mortgages, legal tender, taxation, bankruptcy, executors, administrators and trustees, wills, stocks and bonds, bank business building, and a wide range of miscellaneous subjects.

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# International Banking and Finance

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SECTION

## Europe After Two Years of Peace

By Nicholas Petrescu, Ph.D.

**T**WO years have elapsed since the cessation of hostilities that brought about the end of the World War. In this period circumstances have changed Europe to an appreciable extent. The change has, however, been slow, for in many cases the work of reconstruction did not meet the expectations of the people. The truth is that, although the majority of the European countries are at peace, yet very few are under peace conditions. As a matter of fact, some of them are still struggling for the re-establishment of their pre-war situation, while others have not yet succeeded in obtaining peace.

At present one may divide the European countries into three categories according to their economic, financial, and political situation: 1, Countries under peace conditions; 2, Countries under abnormal conditions; 3, Countries under war conditions. As will be seen hereafter, this division sums up the actual state of affairs in Europe, and it reflects the incongruous character of the international arrangements contained in the Treaties of Versailles and St. Germain.

### COUNTRIES UNDER PEACE CONDITIONS

It cannot be gainsaid that the war has affected the various countries of Europe to a different degree. The neutrals have, of course, suffered less than the belligerents, while some of the Western countries did not experience

the same economic and financial disorganization as the countries of Central and Eastern Europe. The more fortunate position of some of the Western countries is due to the fact that they were able to receive from the transoceanic countries food and raw materials during the war and after the signing of the armistice. Such countries had at their disposal also credit facilities.

Great Britain and Belgium are the only belligerent countries which have succeeded in establishing normal peace conditions as regards their economic, financial, and political organization. Both have an enormous war debt, but their national resources and the will to work of their peoples are two factors which point to their speedy recovery.

### GREAT BRITAIN

Great Britain's work of reconstruction has been facilitated not only by her colonial resources, but also by the economic sagacity of her people. The depreciation of the sterling has had the most beneficent influence upon the population, for it brought home the truth that the restoration of currency values cannot be realized without an effort of increasing production. The measures taken by the Government regarding the restriction of imports have also contributed to rehabilitate the country's economic situation. The sharp fall in the quotations of some of the more important raw materials dur-

ing the current year brought about a general decline in the prices of many commodities. Compared with other belligerent countries of Europe, the cost of living in Great Britain is low, and a return to a lower level of values is to be observed in every branch of industry. The output of coal has considerably been increased lately, while the position of other British mines is normal.

The public finances of Great Britain may be regarded as sound. The Government's financial policy presents the best guarantee in this respect. The British budgets, in spite of their extraordinary volumes, have been adjusted since the conclusion of hostilities.

The re-establishment of Great Britain's foreign trade has been the most decisive factor in the economic recovery of the country. There has never been in history a more rapid recovery within a reasonable period after a long war. London, as the world's financial centre, is coming into her own. It is perhaps not too soon to say that Great Britain will reach its pre-war financial status within the next year.\*

#### BELGIUM

Belgium's economic recovery has been as rapid as that of Great Britain. This fact is due to several circumstances. In the first place, Belgium has obtained economic and financial relief from the United States, Great Britain, and France in a more generous and adequate way than any other small belligerent country. Besides this, Belgium did not lose many men during the war, so that after the armistice the country had enough for labor. As soon as the Germans evacuated the country, the workers gathered to the factories. Moreover,

the transport facilities were soon restored because the Germans did not destroy the railways as they did in Northern France or elsewhere in the occupied territories. To this should be added the geographical position of the country which helped to establish the trade with Great Britain and America more easily than had been possible in the case of the countries of Central and Eastern Europe. Lastly, the business spirit of the Belgian people and the good administration of the Belgian Government have equally contributed to the work of reconstruction.

#### THE NEUTRALS

Of all the neutral countries of Europe, Spain and Sweden are the most prosperous. The other neutrals, in spite of their good financial situation, have been affected by the war in such a degree that they have to surmount many difficulties before reaching their prewar status. Thus Holland, Switzerland, Denmark, and Norway are still suffering from the consequences of the war, although peace conditions are prevailing in all these countries. The case of Switzerland is characteristic. That country suffers from financial prosperity. With her currency values at par, Switzerland is handicapped by the difference of exchange of the European countries with which she had commercial relations before the war. This is particularly true of the tourist traffic from which she derived formerly a considerable amount of revenue.

Holland, Denmark, and Norway are also under normal conditions, except that, as already remarked, all three bear the marks of the war. This is reflected in their somewhat depreciated currency values. Holland has a considerable war debt caused by her geographical position and international obligations, while Denmark and Norway have not yet recovered from the financial losses sustained during the war. The depreciation of the Danish krone is the effect of the Russian revolution, for the Soviet Government has repudiated the majority of the contracts and policies of the Czarist Government to-

\*There are two features of exceptional interest in the recovery of Great Britain: the shipbuilding and the foreign trade with Europe. At the end of June there were 941 vessels aggregating 3,578,153 tons under construction in British yards against 414 vessels of 2,105,956 tons in the United States yards, which means that Great Britain has already regained its pre-war status as the principal shipbuilding country of the world. As regards the trade with continental Europe, it suffices to remark that the British manufacturers have secured practically all the market where the Germans held sway before the war.

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wards the Danish manufacturers. As regards Norway, the losses sustained by her mercantile marine during the submarine war have equally influenced the finances of the country.

Spain and Sweden have been the most fortunate neutrals during the war. Their actual situation is very prosperous indeed. The foreign trade of Spain has been expanded during and after the war. Sweden's prosperous situation is equally the result of the expansion of her foreign trade.

### COUNTRIES UNDER ABNORMAL CONDITIONS

Under this category we shall consider all European countries which are at peace, but which are still suffering from the conditions brought about by the war. Although their economic and financial situation has considerably improved since the cessation of hostilities, yet they are far from being under normal conditions. In fact, these countries are suffering from economic and

financial disorganization. They lack raw materials, labor, and means of transportation. Their public finances present, with a few exceptions, a most chaotic aspect. The monetary circulation has reached fabulous proportions, the budgets are made up of fictitious figures, and their system of taxation is inadequate.

### FRANCE AND ITALY

France and Italy seem to be better off as regards the work of reconstruction. They have organized their foreign trade on a large scale during the last two years. Owing to adverse exchange and high ocean freights, the French and Italian manufacturers have found in the little countries of Central and Southeastern Europe a more profitable market than America. There is a movement afoot in both countries to concentrate the efforts of the industries upon the European market. However, the French and Italian factories cannot work under normal conditions on account of lack of raw materials. The

# AGENTS! *Would you like to visit* EUROPE *or the* ORIENT *as our guests?*

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All F & D General Agents, Sub-agents and Branch Managers, appointed before April 1, 1921, will be eligible.

The ten prizes will be a two months' trip to Europe, or to the Orient, and will include the winners' wives and their children, if enthusiasm for the doctrines of Colonel Roosevelt has not carried the individual winners beyond the parentage of two. All expenses will be paid by the Fidelity & Deposit Company.

The towns and cities of the country will be classified, so that the Sub-agent who leads in the town of less than 10,000 population will have precisely the same chance of winning and will be awarded the same prize as the competitor located in New York, Chicago or Philadelphia.

In determining the winners, a point system will be used which will be based on business actually produced during the period of the competition. This system will give every agent an equal chance. Last year's business will not be considered.

### *Rules and Regulations*

The rules and regulations governing the competition will be announced about January 1, 1921. They will be formulated by the committee named below, which will also

select the successful competitors and award the prizes.

### *The Awards and Judges*

The names of the successful competitors will be announced as soon after April 1, 1922, as possible.

The following committee will have entire charge of the competition:

Vincent A. Cullen—Fidelity & Deposit Co., New York; M. F. Dobbins—Dobbins & Smith, General Agents, Memphis, Tenn.; William Hugh Harris—Vice-President, in charge of Agency Dept.; G. Arthur Howell—Haas & Howell, Gen. Agts., Atlanta, Ga.; Emmett Myers—Manager, St. Louis Branch Office; F. B. Owen—Owen, Crowell, Laurenson & Co., Gen. Agts., Cleveland, O.; F. A. Price—Conkling, Price & Webb, Gen. Agts., Chicago, Ill.; V. L. P. Shriver—Gen. Agt., Pittsburgh, Pa.; Guy Le R. Stevick, Resident Vice-President, Pacific Coast, San Francisco, Cal.; A. L. Tash, Boston Branch Office; Spencer Welton, Fidelity & Deposit Co., Baltimore, Md.

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For further details of this unusual competition, write to the

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shortage of coal has not yet been remedied, and in the case of Italy the problem of fuel continues to be acute.\*


The unsettled economic conditions of Italy and France are reflected in their financial situation. The public finances of both countries are unsatisfactory. The causes operating to bring about this situation are wide-spread and cumulative. In the first place, both Governments have relied too much on the indemnities which Germany had to pay after the signing of peace. As a matter of fact, the public finances of France and Italy since the cessation of hostilities and till the signing of the Treaty of Versailles have been shaped according to the conjectures in which the statesmen indulged as regards the financial penalties of Germany. Moreover, the systems of taxation existing in both countries on the eve of peace were too inadequate for the new order of things. The discrepancy between imports and exports also contributed to the disorganization of finances. These conditions are clearly reflected in the depreciation of the French franc and the Italian lira.

#### CZECHOSLOVAKIA AND YUGOSLAVIA

The conditions prevailing in the other countries are even worse. Thus the new born states of Czechoslovakia and Yugoslavia, in spite of their efforts, have not yet restored the equilibrium of their national resources. There is a restless atmosphere to be found in both countries, caused by financial and economic disorganization. In the case of Yugoslavia the situation is complicated by international difficulties.\* A certain

\*The handicap which is placed on Italian trade abroad by the inability of obtaining sufficient coal for the industries has made the Italian industrials look for fuel in South America. The possibility of importing coal from Chili has been discussed in Italy lately. Another incident worth mentioning in this connection is the report of coal imports from China to France and Holland.

\*Judging by the value of currency, Yugoslavia may be regarded as more prosperous than Czechoslovakia. Yet, the relative high value of the dinar and the low value of the Czechoslovak krone are only superficial symptoms. Yugoslavia has managed to improve her exchange by restricting the imports. The ban on luxuries and other manufactured goods could not be observed in an industrial and more advanced country like Czechoslovakia.



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progress has, however, been realized in the two countries, thanks to foreign capital and enterprise. This is especially true of Czechoslovakia, where the industries show a steady development. The output of the Czechoslovak mines is nearly normal. There is every sign of a continual progress in the economic life of Czechoslovakia.

#### ROUMANIA

The case of Roumania is also abnormal. The problem of transportation is acute in that country. The Roumanian railways lack fuel and rolling stock. The freight congestion is disquieting also with regard to shipping. This state of affairs is having the most deplorable effect on the business activities of the country, for it hampers the export of cereals and petroleum. As an immediate consequence of the impossibility of exporting the national products may be regarded the actual unsatisfactory financial situation of Rou-

mania. Although the public finances of Roumania are at present in a better shape than those of many European countries, yet they are full of perplexing difficulties. The Government has recently taken a very decisive financial measure, by eliminating from circulation the Austro-Hungarian krone and the Russian roubles in the regained territories. The unification of the monetary circulation will help the value of the leu, whose depreciation was partly due to the postponement of this measure. It has recently been rumored that the Government is contracting a loan in London designed to meet the extraordinary expenditures required by the work of reconstruction. On the whole Roumania, on account of her national resources, bids fair to regain her normal status sooner than any other country of Central and Eastern Europe.

#### GREECE

The conditions prevailing at present in Greece cannot be regarded as normal, although the economic and financial situation of that country is sound. The political and administrative complications within the new territories are disturbing the economic life of the country, for they prevent the Greek business men from taking full advantage of present opportunities. For this reason there is a certain uneasiness to be observed in Greek financial circles. The relatively high value of the drachma is due more to the wise financial policy of the Greek Treasury during the war than to the present conditions. The re-establishment of normal conditions in Greece depends upon the march of political events in Asia Minor, where the Government is obliged to keep a large army to ward off the Turkish Nationalists.

#### GERMANY AND HER FORMER ALLIES

The economic, financial, and political situation of Germany is far from being normal. The production and the means of transportation of the country have not yet recovered from the effects of

the war, while the people do not seem to get accustomed to the new political form of government. There is a certain industrial activity to be observed, especially since the resumption of diplomatic and commercial relations with Great Britain, France, and Italy, but the foreign trade is still very weak. The steadiness of the mark exchange is, however, due to the investment of American capital since the signing of the Treaty of Versailles. It is estimated that the amount of American capital in Germany has reached fifteen billion marks, of which the majority has been invested in the nature of real estate.

If we look at Germany's former allies we find that their situation is even worse. Austria's economic plight is well known to the American public, whose generosity has made it possible for the population of that country to live after the signing of the armistice. Hungary is consuming her productive forces in a chaotic struggle for the re-establishment of her social and political equilibrium, while Bulgaria is reaping the fruits of her political aberrations. Both these countries possess sufficient resources, but their economic and financial recovery is dependent upon the political sagacity of their Governments.

#### COUNTRIES UNDER WAR CONDITIONS

The whole eastern part of Europe is under war conditions. Soviet Russia, Ukrainia, the Baltic States, and Poland are still waging war or struggling for peace conditions. All these countries suffer of disorganization, epidemics, and famine in spite of their immense resources.

Poland and Finland may be regarded as the most prosperous among the countries falling under this category. Both have the material and moral support of the western powers, and their economic recovery will take place as soon as their political situation is settled.

The situation of the Baltic States (Esthonia, Livonia, Lithuania, Kur-land) is equally dependent upon the outcome of the political chaos reigning in Eastern Europe. There is, however,

an intense activity in all these countries since British capitalists and business men have taken the initiative of exploiting their resources.

As for Soviet Russia, Ukrania, and the Southwestern portion of Russia under the Government of General Wrangel, no one can tell when they will regain their political and economic organization. Everything there is so contradictory that no definite judgment may be passed as regards the future. Nevertheless, one thing is sure: Bolshevism as a political doctrine has failed, and its complete disappearance will be a matter of little time. The truth is that the danger of Bolshevism is exaggerated because it is too often confused with the general discontent, which, as a result of the effects of war, reigns everywhere in Europe.

#### EUROPE'S REAL DANGER

It seems to me that the real danger of Europe lies merely in the political and financial arrangements contained in the various treaties of peace. There is no country in Europe, with the exception of Great Britain, that may be regarded as satisfied with the new order of things. France would be satisfied if she knew that the clauses of the Treaty of Versailles will be respected *ad litteram*. She is well aware that such clauses lack the guarantees that should sustain them in case of violation. That is why French public opinion is now as restless as before the war with regard to the possibility of seeing Germany again at her old play. Again, Italy is far from regarding her territorial acquisitions and the financial decisions pertaining to the repartition of Germany's indemnities as satisfactory. It would be a long list to write down the points which leave unsatisfied the other countries.

The political differences between the European states would, however, be attenuated if there were an economic understanding between them. Such an understanding should be based upon co-operation and should reveal to every country the necessity of adhering to it.

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The various commercial conventions which have recently been established in Central Europe are too sporadic to bring about an organized whole. There should be a system of economic conventions between all of the European states in order to restore normal conditions.

Unfortunately, the various treaties of peace have not taken into consideration the establishment of an economic league between nations. They have rather considered the economic problems from the old point of view of foreign politics. That is why Europe after two years of peace has not yet regained its economic equilibrium.

Under such conditions the general discontent ensued from four and a half years of unprecedented sacrifices continues to weigh down the heart and mind of the European peoples. The labor unrest and the disorganization of the pro-

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ductive forces are the direct consequence of the inability of the peace treaties to restore normal conditions on an economic basis. If the real danger of Europe lies, therefore, in the prolongation of a state of affairs caused by the inadequate measures contained in the various treaties of peace, then it is absolutely necessary to amend or to revise these treaties. Some of their clauses have already been violated by the very fact of their impossibility of being observed, while others have been regarded as a dead letter by the very makers of them.

#### UNITED STATES AND EUROPE

No doubt the initiative to restore normal economic conditions in Europe should proceed from the European peoples themselves, but the realization of such an enterprise could, given the actual state of affairs, not be effected

without the help of America. Such a help should, however, not be understood as philanthropy, but simply as a business proposition. It is, of course, not the interest of a country like the United States to see the most productive part of the world in a chaotic economic situation. The repercussion of such a situation has already made itself felt in the foreign trade of the United States. Moreover, the United States has loaned about ten billion dollars to Europe. This amount represents a capital invested and should, therefore, not be disregarded. The trade opportunities which are offered by the majority of the European countries are also worth remembering in this connection. In short, American capital, American manufactured goods, and American business methods may help Europe to regain her economic equilibrium.



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## Opportunities in the Argentine

By Carl S. Wells

Manager Commercial Service Department, First National Bank of Boston

**T**HE United States is vitally interested in the development of foreign trade with the Argentine and our merchants and manufacturers must do all in their power to hold and expand the markets for their goods in that country.

New England has enjoyed a foreign trade with the Argentine since April, 1801, when, according to the records, the first sailing vessel (the James of Boston, Capt. Robert Gray) arrived in Buenos Aires. During the next year twenty sailing vessels arrived in Buenos Aires from Boston. It is therefore only natural that New England should be more than interested in the promotion of our trade with the Argentine.

Business conditions in the Argentine at present are dull, chiefly because of the exchange situation and lack of de-

mand for wool and hides, there being an enormous amount of coarse wool on hand, as well as a large quantity of hides, with both these markets extremely dull. This, together with the recent embargo on sugar and wheat, has made imports from the United States difficult.

The general financial situation, however, appears fairly good and there are few failures, although the high dollar rate causes trouble and difficulties are feared with late shipments unless dollars fall, especially in view of the drop or price of dry goods.

There is, however, legislation now being considered to finance the movement of coarse wool on hand and also to remove the restriction now in force which prevents the shipment of gold out of the country, which, if permitted, will stabilize exchange, with the result

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that Argentine merchants will then be more inclined to purchase goods from the United States which they have recently been buying from other countries in preference to us on account of the exchange situation.

Prospects of new crops are somewhat doubtful on account of the long drouth, light rains having fallen recently, but considerably more being required.

The American Chamber of Commerce in Buenos Aires is a live organization and is doing a great deal towards booming our foreign trade. It has among its members the leading representatives of American interests in the Argentine and holds weekly luncheons in the Plaza Hotel, at which timely topics are discussed.

Argentina has many fine ports and harbors, chief among which are Buenos Aires, La Plata, Rosario and Bahia Blanca. They all have excellent mod-

ern post facilities and a big development is looked for in the port of Bahia Blanca on account of its location and size, together with its proximity to the coast and nearness to the west coast of South America.

There has not been any great exploitation of minerals on account of the lack of transportation and capital. There is, however, a variety of ores and minerals to be found in various parts of the country, some gold in the Andes, as well as mica and copper, lead, iron ore and sodium salts.

Considerable petroleum has been found recently in the Comodoro Rivadavia oil fields in the Province of Chubut. The Government has recently taken over a large part of the oil fields and is doing a great deal toward its development. Several of the large manufacturers are contemplating putting in oil burners, in case sufficient oil is forthcoming, on account of the prohibitive prices of coal.

Sugar is also cultivated in Tucuman with considerable success and several large refineries are in operation. More than one-third of the Argentine is under cultivation, the chief crops being grain, wheat, oats, barley, maize, linseed, potatoes and alfalfa; with numerous fruits, such as oranges, olives, figs, grapes, and dates. The wine industry plays a large part in the development of the Argentine.

Very extensive stock farms are maintained where fancy breeds of cows and bulls are raised, prominent among them being the Herefords. Various classes of fine horses are also raised.

Numerous large frigorificos (refrigerating plants) have developed the meat-packing industry to a prominent place in Argentine business affairs.

There are in the neighborhood of 32,000 factories and manufacturing plants in the Argentine, prominent among which are shoe factories, steel plants, candy factories, and electrical apparatus. New factories are continually springing up, such as tanneries, woolen mills, wool-washing plants, furniture factories, dairy and cheese manufacturers. The power and light

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Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
Bombay	Dairen	Hongkong	Lyons	Peking	Shimonoseki	Tokyo
Buenos Aires	Fengtien	Honolulu	Manila	Rangoon	Singapore	Tsingtau
Calcutta	Hamburg	Kaiyuen	Nagasaki	Rio de Janeiro	Soerabaya	Viadivostok
Changchun	Hankow	Kobe	Newchwang	Saigon	Sydney	

## Agencies in United States

New York      San Francisco      Los Angeles      Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

**NEW YORK OFFICE**      -      -      **120 BROADWAY**  
R. ICHINOMIYA, Agent

company has recently been purchased by Spanish interests.

There is plenty of opportunity in the Argentine for the investment of American capital in local industries.

A group of American Insurance Companies recently entered the Argentine and are doing considerable business in fire and marine insurance.

There is an opportunity also for an American Bonding Company to do considerable business, as this is an entirely new line in the Argentine, with the exception of one small local company.

Cattle insurance also offers an attractive field.

The establishment of American shoe factories and tanneries in the Argentine would not only enable us to compete favorably with the local product, which now is impossible, due to the high rate of duty on American shoes, but prove more economical on account of the cheap labor costs and the fact that many of the raw materials, such as

hides, tanning extract, etc., are readily available in the Argentine.

The Argentine merchant will continue to purchase manufactured goods from the United States just as long as they are not able to manufacture these goods themselves.

The fact that the United States has acquired considerable new business in the Argentine is not due in any great part to the initiative of our American manufacturers, but was caused largely by the conditions arising during the war and the inability on the part of the Argentine to secure merchandise from Europe. These goods from the United States were for the most part furnished by agents or export houses which sprang up overnight, whose main idea was to realize as much profit as possible on immediate sales, not building business with an idea for the future. Many of these export houses had little or no knowledge of the export business and paid very little attention to the proper care in filling orders and in many instances

shipped almost anything they could obtain, regardless of whether the goods came up to specifications or were like the samples previously submitted.

Although many merchants and manufacturers in the United States gave their customary care to the shipments going to the Argentine, the fact that doubtful methods were employed by certain "mushroom" exporters, an atmosphere of distrust has developed in the Argentine in regard to American commerce and business methods, which it will take some time to eliminate. Certain questionable dealings were employed by various Argentine concerns regarding acceptance of goods when they felt the prices were going to drop, which has also led American merchants to look upon the Argentine with similar distrust.

Owing to the fact that the Argentine has in the past year been dependent upon the United States for various classes of merchandise, it has been possible for our merchants and manufacturers to demand cash payments against documents in New York, or other port of departure, but now conditions are different and the foreign buyers are able to obtain similar merchandise from other countries who are willing to grant them reasonable credit terms. Demanding cash payments for merchandise sold to the Argentine merchants will do much toward decreasing our business with that country, as this will tend to discourage the foreign buyers who have been in the habit of having long credits extended to them.

The competition for business in the Argentine between the United States, England, France, Italy, Spain, Japan, Holland, the Scandinavian countries and Germany is bound to be keen, and in order to compete successfully it is essential for our merchants and manufacturers to have definite and reliable information as to the trade and business conditions as they exist in the Argentine.

Considerable difficulty will be experienced by this country as compared to our better informed competitors in doing business with the Argentine unless the

laws and regulations are understood and adhered to strictly. The recently established passenger and freight service has already done much towards helping shipping conditions and thus insuring more adequate delivery of mails and transportation of our merchandise. With the new steamers which are now being constructed, a regular fortnightly service is to be expected.

Already several American banks have established branches in Buenos Aires, including the First National Bank of Boston, which has been doing business there since 1917. This alone should prove a great help to exporters and importers in handling their foreign financial transactions more intelligently and efficiently. The marked success of the various American banks and branches in the Argentine indicates the wonderful business chances for expansion in that country.

The number of American representatives visiting the Argentine is constantly increasing and this alone is an indication that we are going after the business and realize that the Argentine offers a good market for our goods.

The satisfactory distribution of merchandise and the marketing of our goods in the Argentine is one of the most important problems which confronts our exporters and manufacturers.

This problem should not even be considered until the requirements of the market are thoroughly studied and understood.

The best method of marketing goods is a question for each respective merchant or manufacturer to decide for himself, and that resolves itself into the question of which is the best policy to pursue in order to bring about the desired results. Several methods worthy of consideration are export commission houses, export agents, traveling salesmen, native agencies or resident American or foreign agencies and branch houses.

#### EXPORT COMMISSION HOUSES

For the small merchant, who has not sufficient capital to finance his own business, the export commission house in-

中法實業銀行

# Banque Industrielle de Chine

Capital Subscribed . . .	Francs	150,000,000
Capital Paid Up . . .	"	75,000,000
Surplus and Reserves . . .	"	70,000,000
Deposits . . . . .	"	885,000,000

The Chinese Government owns one-third of the Capital

## HEAD OFFICE: PARIS

Central Office, Far East: Peking

### BRANCHES AND AGENCIES :

EUROPE  
Paris  
Lyons  
\*Bordeaux

Marselles  
\*Havre  
London  
Antwerp

INDO-CHINA  
Saigon

Haiphong  
Hanoi

STRAITS SETTLEMENTS  
Singapore

CHINA  
Peking  
Canton  
Foochow  
Hankow

Hongkong  
Swatow  
Shanghai  
Tientsin  
Tsinanfu  
Yunnanfu

JAPAN  
SIBERIA  
MANCHURIA  
UNITED STATES

Yokohama  
Vladivostok  
Mukden  
New York

\* In Formation

The New York Agency of this bank is equipped to extend every facility for banking service between the United States and foreign countries

New York Agency - - - 27 Pine Street

O. J. THOMEN, Agent.

volves much less expense and offers the line of least resistance and worry, inasmuch as the manufacturer is relieved of all details pertaining to billing, shipping, and documentation in connection with orders.

#### EXPORT AGENTS

Some manufacturers, not wishing to incur the expense entailed in establishing their own export department, leave the matter of distribution in the Argentine entirely in the hands of export agents, who, as a rule, represent several manufacturers handling various lines. They often have specially trained men capable of handling the respective lines they represent to good advantage.

#### TRAVELING SALESMEN

If the sales are sufficient to warrant, some large manufacturers send their own representatives to develop the market. This does away with the middle man, but is a much more expensive method. For many years some of the

larger English and German houses have had their own representatives, in fact the same representatives for ten or fifteen years, visiting the Argentine, thus becoming familiar with the business conditions and merchandising methods. In this way they form a certain intimacy with their customers which is very important in developing business. There has been a marked lack of high-grade American traveling salesmen in the Argentine and those have made their visits at such long intervals that the personal touch is entirely lost. A good representative, if his calls are frequent enough, can do much towards creating good will, an important factor in the matter of distribution in the development of foreign trade. If it is decided to send your own traveling representative, this man should be selected with a great deal of care, and it is of vital importance that he should possess certain of the following qualifications: He should be thoroughly familiar with his line, honest, and one in whom you have implicit confidence,

# OVER 530 BRANCHES



This Bank has 525 Branches in CANADA and NEWFOUNDLAND as well as those in London, Eng., Mexico City, Havana, Cuba, Kingston, Jamaica, Seattle, San Francisco, Portland, Ore., and the NEW YORK AGENCY at 16 EXCHANGE PLACE. (New York Agents—F. B. Francis, C. L. Foster, C. J. Stephenson.)

It can offer you, therefore, excellent service in collecting your Canadian and foreign accounts.

## The Canadian Bank of Commerce

Paid-Up Capital \$15,000,000

Reserve Fund \$15,000,000

Total Assets (30th Sept., 1920) Over 472 Millions

sufficient to warrant your furnishing him with an adequate power of attorney, should be of excellent personality, and one who could properly represent your interest no matter with what circles he might come in contact; he should speak Spanish; he should be a man who can make friends, not one who is mere matter of fact; in other words, he should be what the Argentine merchants call a "serious" man.

#### NATIVE AGENCIES OR RESIDENT AMERICAN OR FOREIGN AGENCIES

If the sales are not sufficient to warrant sending your own salesmen, another way of entering the market is by appointing native agencies or resident American or foreign agencies which are already established and able to handle your business.

The sending of more high-grade traveling representatives to the Argentine and the establishment of American branch offices will do much toward strengthening our position in the Ar-

gentine. The choice of agents—native, foreign, or American—should not be made at random and it is a good plan to have a member of your concern visit the Argentine, selecting the agent only after the most careful scrutinization, as the tying up with a poor agency will do much toward curtailing your business. The financial standing of the agents should be looked into, how long they have been in business, and any information as to the merchandise they are accustomed to handle. Oftentimes many difficulties come up which could be settled on the spot providing your agent is given the proper authority, such as the adjustment of difficulties in connection with the arrival of goods, etc.

Credit information regarding your present and prospective customers in the Argentine is of vital importance, possibly more so than in your domestic trade, inasmuch as your customers are anywhere from five to six thousand miles away.

The question of sending samples to

# Three Reasons

There are three reasons why the Atlantic National Bank can render you exceptional service in New York:

- (1) A clientele made up largely from New York wholesale merchants dealing in dairy products, produce, dry goods, shoes, leather, textiles, hardware and electrical supplies.
- (2) Ability to save time by dealing directly with the merchant in most cases.
- (3) Personal attention of our officers to matters intrusted to our care.

*We shall be glad to serve you*

**ATLANTIC**  
**National Bank**  
257 Broadway—Opposite City Hall  
NEW YORK CITY



your agents is one that should not be forgotten. Do not expect your agent to pay for the samples and send as complete a line as possible. Great care should also be given to the packing of samples and any future orders which may develop. Samples should not be sent by parcel post, as goods sent in this manner are not delivered as they are in this country through the Post Office, but all parcel post packages are handled through the Custom House and are subject to various taxes and charges before reaching their destination.

Careful attention should be given to commercial quotations offering goods, stating definitely whether offered f.o.b. cars, f.o.b. vessels, etc., inasmuch as there are different interpretations of quotations in the Argentine and this will save considerable difficulty.

Proper registration of your trademark will do much toward protecting the market for your goods in the Argentine.

Business representatives in the Ar-

gentine should be provided with adequate power of attorney, stating definitely and clearly the exact authority conferred, by so doing, in many instances considerable trouble and inconvenience will be avoided if your representative is properly allowed to assert his authority.

A certain superiority of our manufactured goods has, however, become recognized and proper co-operation with Argentine buyers, catering to their whims and manufacturing what they want, will do much toward retaining the trade already established and promoting its expansion.

More personal attention to orders and welcome acceptance of small orders, careful attention to correspondence, notification to customers of any price changes, such as inability to furnish goods as ordered, and the question or substitution, and care regarding details and specifications, will have a great deal of moral effect in creating in your cus-

# Increased Trade With France and Belgium



**D**URING the past year the trade of the United States with France was valued at \$1,017,240,405, and with Belgium at \$385,576,408, exports to the latter reaching double their value of 1918.

Our close relations with Lloyds and National Provincial Foreign Bank, Ltd., enable us to offer complete banking facilities throughout France and Belgium. Branches in Cairo and Alexandria, Egypt, throughout Morocco and West Africa. Special equipment for handling transactions in Tunis and Algeria.

*The New York Agency invites inquiry*

## **Bank of British West Africa**

Head Office, London

**New York Office—100 Beaver Street.**

R. R. Appleby and Rowland Smith, Agents

<b>Authorized Capital, \$20,000,000</b>	<b>Paid Up Capital, \$6,000,000</b>
<b>Subscribed Capital, 15,000,000</b>	<b>Reserve - - - 3,125,000</b>



# Banking Service in the Far East

## BRANCHES

<b>BURMA</b> Rangoon	<b>FRENCH INDO-CHINA</b> Haiphong Saigon	<b>JAPAN</b> Kobe Yokohama	<b>PHILIPPINES</b> Cebu Iloilo Manila
<b>CEYLON</b> Colombo	<b>INDIA</b> Amritsar Bombay Calcutta Cawnpore Delhi Karachi Madras Tavoy	<b>JAVA</b> Batavia Sourabaya	<b>MALAY STATES</b> Ipoh Klang Kuala Lumpur Penang Seremban Singapore Taiping
<b>CHINA</b> Canton Hankow Hongkong Peking Shanghai Tientsin		<b>SIAM</b> Bangkok Puket	
		<b>SUMATRA</b> Medan	

## Chartered Bank of India Australia and China

Head Office  
London

New York Agency, 88 Wall Street  
William Baxter, Agent

Capital and Reserve  
Over \$24,000,000

tomer's mind the feeling of confidence and good will.

The American manufacturer who contemplates going after Argentine business in earnest should consider whether his factory can take proper care of the business which may develop, and if so, set aside a certain percentage of its output for export trade and a certain percentage for domestic trade. This will enable him to fill export orders without cutting into the domestic output and vice versa.

The establishment of more American branch houses, sending better equipped salesmen to visit the Argentine merchants, and more frequent steamship service, more comprehensive understanding of Argentine customs and trade regulations, granting of reasonable credit terms, and general co-operation on the part of all those interested in the development of foreign trade, will do much towards maintaining and increasing the commerce which the United

States has already established in the Argentine.



### World Trade Through Foreign Investment

A GREAT step toward fostering America's world trade through foreign investment is foreseen by the Guaranty Trust Company of New York in the recent authorization by the American Bankers Association of the organization of a \$100,000,000 foreign trade financing corporation under the Edge Law. The company's semi-monthly survey of international trade, "American Goods and Foreign Markets," says, in part:

The foreign credit situation has reached a point where loans to foreign countries are no longer adequate to meet the needs of the growing foreign trade of the United States. The Edge Law corporation, as authorized by the

# BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

*U. S. Gold* \$2,280,000

## BRANCHES IN COLOMBIA:

Bogota	Cucuta <sup>1</sup>	Medellin
Bucaramanga	Girardot	Ocana
Cartagena	Honda	Riohacha
Cienaga	Magangue	Santa Marta

Distinctively efficient service rendered to financial institutions, corporations, merchants, manufacturers and individuals requiring a Colombian connection.

International banking business of all descriptions transacted.  
The agency of foreign and Colombian banks undertaken.

Telegraphic Address: Dugandbank, Barranquilla

American Bankers Association, will not make loans, but will provide a source of long-term credits through investment abroad.

That foreign investment probably is a nation's greatest asset in the maintenance of a strong position in world trade is evidenced by the position of Great Britain. Although her foreign investments were diminished by about five billion dollars as a result of the war, she still has approximately fifteen billions invested in foreign countries, and, through her powerful trade organizations, is striving fearlessly to regain the ground lost during the war. Her investments are so judiciously and widely scattered throughout the world that the slogan, "The sun never sets on the British Empire," might be as approximately applied to her foreign investments.

The United States—second nation of the world in foreign investments—is a creditor by a total of about eleven billion dollars invested abroad. This

amount, as compared with that of British capital invested abroad, is inconsistent with the potential volume of foreign trade of the United States and must be augmented through an increase in the foreign trade financing power of the country, if we are to compete successfully with other nations in disposing of our enormous surplus stocks. On the other hand, of course, we must accept goods from our debtors, because that is the only means by which they can pay their obligations to us. And we must use these goods as a basis for granting loans to other countries so that new markets may be built up for our products.

The surplus of the United States this year will include about 8,000,000 bales of cotton, 300,000,000 bushels of wheat, \$750,000,000 worth of semi-manufactured raw materials and finished manufactured products, and about \$250,000,000 worth of packing house products. European countries are in the market for the major part of this surplus, but

# PARK-UNION

## FOREIGN BANKING CORPORATION

56 Wall Street, New York

### BRANCHES

San Francisco  
Seattle  
Tokio  
Yokohama  
Shanghai  
Paris

### OFFICERS

**Charles A. Holder**  
*President*  
**T. Fred Aspden**  
*Vice-President*  
**E. B. MacKenzie**  
*Secretary & Treasurer*

*Capital (fully paid) \$4,000,000*  
*Surplus and Undivided Profits, \$754,000*

Transactions in Exchange  
Travelers' Letters of Credit  
Commercial Credits  
Foreign Collections and Cheques  
Acceptances  
Transfers of Money  
Advances against Collateral for the  
Financing of Foreign Business

payment in gold before the goods are shipped cannot be made in any significant amount. The natural commercial course for the United States to follow under the circumstances is the course which Great Britain has so profitably taken through the years of her foreign trade development—the investment of capital in foreign countries through foreign trade financing corporations.

The general export corporation organized under the Edge Law, authorized by the American Bankers Association, probably will be established early in 1921 with an initial capitalization of \$100,000,000. Its capital will be distributed as widely as possible throughout the United States, so that all localities may receive the benefit of its operation.

With a capital of \$100,000,000, the power of this corporation for benefiting the foreign trade of the United States will be almost unlimited. Under the provisions of the Edge Law, a corporation organized in accordance with its

specifications may issue debenture bonds for sale in the United States and the extension of credits abroad up to ten times the amount of its capitalization. The maximum possible financing power of the corporation just authorized will therefore be \$1,000,000,000, an amount equal to more than nine per cent. of this country's total foreign investments today.



### Sale of Foreign Securities by French Banks

**B**BROWN Brothers & Co. have received from one of their French correspondents an estimate indicating that sale of foreign securities by French banks have been greatly exaggerated. This, it is stated, is confirmed by M. Decamps, head of the Finance Department of the Banque de France, who at the October meeting of the Societe Francaise d'Econo-Politique said that

# THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed . . . \$7,500,000 (£1,500,000)

Capital Paid-up . . . . . 3,750,000 (£ 750,000)

Reserve Fund and Undivided Profits . . . 3,928,970 (£ 785,794)

**BANKERS:** Bank of England; London Joint City and Midland Bank (Limited)

**Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius**

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.

Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 3 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

such sales do not exceed francs 600,000,000. This, it is pointed out, would indicate that French foreign investments, which constituted a material part of the wealth of France prior to the war, are still intact.

## Great Britain

### THE BRITISH TRADE CORPORATION

Having recently returned from Europe where he has made a study of British foreign trade organizations, P. Harvey Middleton, assistant manager of the foreign trade bureau of the Guaranty Trust Company, of New York, stated in a recent bulletin issued by the bank:

A typical example of the method by which the British plan to recapture their overseas trade is the organization known as the British Trade Corporation, incorporated in 1917, with an authorized capital of £10,000,000, of which £2,000,000 is fully paid up. One of its subsidiaries is the Trade Indemnity Company, which insures foreign credits. Since its incorporation this company has facilitated the export of goods of many millions of pounds value. Although it was anticipated that it would be beneficial chiefly to the small merchant, its policies have been freely availed of by some of the largest British manufacturers.

In conjunction with the London and Westminster, Lloyd's, and the National Provincial Banks, the British Trade Corporation formed the South Russia Banking

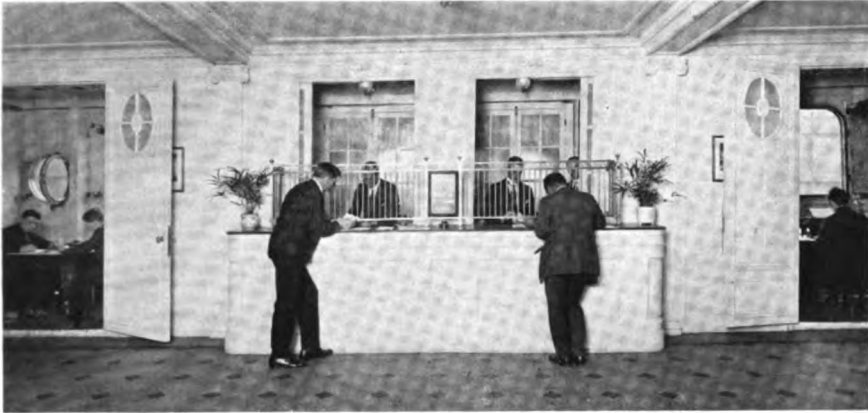
Agency. The British Trade Corporation also has an investment in the Portuguese Trade Corporation, which was specially started to compete with German interests. Another subsidiary is the Anglo-Brazilian Commercial and Agency Company, which has opened branch houses in Brazil, particularly at places where German influence in the past was strongest. Although they had experienced difficulty in getting delivery of goods ordered by manufacturers, satisfactory progress is now being made.

Another undertaking in which the British Trade Corporation has invested is the Levant Company, Ltd., which seems to have a promising future as the representative of British influence in the Near East. In this connection, the British Trade Corporation has acquired the entire capital stock of the National Bank of Turkey. The Levant Company has purchased a substantial interest in the business of J. W. Whittall & Company, Ltd., of Constantinople, and has opened branches, or established subsidiary companies, in Batoum, South Russia, Serbia, Rumania, Bulgaria, Bagdad, Greece, Egypt, and the Sudan. Offices of the National Bank of Turkey are in operation in Constantinople and Smyrna.

### NEW RECORD FOR BRITISH INVESTMENT OFFERINGS

Reports received by the foreign information department of the Bankers Trust Company, of New York, are to the effect that British new capital issues amounted to £314,574,331 in the first nine months of 1920. This sum is £45,000,000 larger than Great Britain's national revenue in the first year of the war.

The amount of offerings for investment in September alone was £20,064,482. In the nine months the total was more than £72,000,000 greater than the



Aquitania Office of the London Joint City and Midland Bank, Ltd. The service given by this bank on three Cunard liners saves time for travelers, as financial matters need not be hurriedly attended to before sailing.

total of new capital issues in the year 1913 when the previous high record was made.

As an indication of the probable amount of offerings during the final three months of 1920, it may be stated that new capital issues of over £100,000,000 were offered in the final three months of 1919.

issue which was floated in the United States in October, 1915. About \$200,000,000 was paid out to bondholders in cash at the offices of J. P. Morgan & Co., the remaining \$300,000,000 already having been redeemed by purchase in the open market by the two Governments, or through exchange for the re-

**BRITISH MERCHANT MARINE**

Only a comparatively slight setback has been sustained by the British merchant marine as a net result of the world war, according to statistics which have been received by the British section of the Bankers Trust Company's foreign information department.

Tonnage figures of shipping which entered and cleared at British ports during the first seven months of 1920, compared with the corresponding period of 1913, indicate that there has been a more marked decline in the foreign tonnage entered and cleared than has been the case with British tonnage.

**ANGLO-FRENCH LOAN PAID**

On October 15 the largest loan maturity ever handled in the history of American finance was disposed of when payment was made on the outstanding balance of \$500,000,000 Anglo-French



Mauretania Office of London Joint City and Midland Bank, Ltd.



**SPAIN** is today entering upon a period of great commercial and industrial growth which is reflected in her trade with the United States. In two years her exports to this country, of which the most important is olive oil, increased 100%. Spain's growing industries are creating an increased demand for our manufactures and staples.

- Almost half of our exports to Spain consists of unmanufactured cotton for Spain's numerous textile factories.
- Her metallurgical industries require our metal-working machinery.
- Our exports to Spain of automobiles, oils and tires reach well into millions of dollars annually.

In the two largest cities of Spain, Barcelona and Madrid, are located branches of the Mercantile Bank of the Americas.

*A booklet describing our facilities will be sent on request.*

## MERCANTILE BANK OF THE AMERICAS

*An American Bank for Foreign Trade*

**44 PINE STREET ~ NEW YORK**

New Orleans      Paris      Barcelona      Madrid      Hamburg

*Affiliated Banks in*

Argentina    Brazil    Colombia    Costa Rica    Cuba    Honduras    Nicaragua    Peru    Venezuela

# Ernesto Tornquist & Co.

Limited

## Buenos Aires

Oldest and Largest Financial House in South America

*Established in 1830*

Fully paid up Capital, Reserves and Surplus  
**\$14,192,498.91 Argentine Gold**  
equal to **\$13,694,036.00 American Gold**

We Specialize in the Investment of Foreign Capital in State, Mortgage, Industrial and Public Utility Bonds and Shares

### Money on Mortgages Placed Direct

**BANKING TRANSACTIONS OF ALL KINDS**

We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

We will be Pleased to Serve You in All Business Relations with the Argentine and Contiguous Countries

**CORRESPONDENCE IN ALL LANGUAGES INVITED**

cently completed \$100,000,000 French Government loan.

#### TO BUILD MINT IN PRETORIA

The British Government has decided to proceed at once with the original plans for the construction of a mint at Pretoria, South Africa, and will not build it upon a smaller scale, as was for a time considered, according to the local press. There is at present no mint in that country, and because of exchange difficulties gold coin has practically disappeared from circulation, it is stated.

The original plans for the mint, which it is expected, will be opened some time in 1924, provide for a capacity of 40,000,000 gold pieces and 7,500,000 other coins. It is expected that it will be one of the most important establishments of its kind in the Empire.

#### France

#### LARGE YIELD FROM NEW FRENCH TAX ON BUSINESS TURN-OVER

Although only a few weeks have elapsed since the coming into force of the new French tax on business turn-over, according to information which has reached the French Commission in New York, the first results amply justify expectations as to revenue yield from this source. Even now the yield is estimated to bring in a minimum of 300,000,000 francs, which is equivalent to 3,600,000,000 francs per annum.

Financial experience shows that a new tax on its first introduction rarely realizes more than 75 per cent. of its normal yield, as it invariably takes time for a tax to become firmly established

# Foreign Banking Since 1864



## THE STATE BANK OF THE PORTUGUESE COLONIES

**Paid-Up Capital . Esc. 24,000,000 = \$25,894,080.00**  
**Reserve Funds . Esc. 24,000,000 = \$25,894,080.00**  
 (At par of exchange)

**E**STABLISHED in 1864, the Banco Nacional Ultramarino has pursued a consistent policy of steady growth until now its seventy branch offices cover the important world markets, particularly the Portuguese speaking countries, and its resources exceed \$1,159,000,000, at par of exchange. We shall be glad of the opportunity to serve American merchants, manufacturers and bankers through our New York Agency.

*Inquiries will be gladly answered*

# BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty Street

Joseph McCurrach, Agent  
 Head Office: Lisbon, Portugal



# FRENCH AMERICAN BANKING CORPORATION

Capital and Surplus, \$2,500,000—Fully Paid Up

**I**N addition to complete facilities for international banking in all its ramifications—particularly with France and the French colonies and dependencies—we maintain a Foreign Trade Department organized on the lines of practical merchant banking. These facilities are at the disposal of manufacturers, importers, exporters and out-of-town banking institutions.

Cedar and William Sts., New York City

and properly applied. If this rule obtains in the case of the tax on turn-over, it is reasonably safe to assume that this tax, even after allowing for no material increase in the volume of business, will produce 400,000,000 francs per month, or close on 5,000,000,000 francs per annum.

## REDUCING BANK OF FRANCE ADVANCES TO GOVERNMENT

An important reduction in the item of advances to the government appears in the last statement of the Bank of France. The sinking fund account, in this statement, is divided into two parts, one representing the main account, and the other an excess devoted to reduction of the bank's advance to the state. This latter item is accounted for by reference to agreements between the bank and the government, under which accumulated interest paid by the government was destined to absorb losses that

the bank might incur on moratorium bills and credits. In the agreement of 1918 it was stipulated that when the reserve so set up should reach the amount of risks that it was expected to meet, the excess should be applied to the amortization of the government's debt to the bank.

According to these stipulations the Bank of France statement of October 28 shows a sum of 13,947,000 francs applied to amortization of advances to the state. A notable increase in this item is expected because the agreement referred to above will not be in full effect until after January, 1921, and because as moratorium bills and pre-war credits are liquidated, additional sums will become available for the amortization account, and will go toward reduction of advances to the government. It is estimated that in the course of the next year reduction of the state's debt resulting from these operations will not be less than 800,000,000 francs.

### FRANCE REORGANIZES FOREIGN TRADE BUREAU

The "Office du Commerce Extérieur" of France, although bearing the name of a bureau that has been in existence for some time, has recently been reorganized on a more ambitious scale. This department of overseas trade is a practical link between official France and the general public at home and abroad. It is now aided on the financial side by the new Foreign Commerce Bank. It controls the service of French commercial agents, and is responsible for organizing trade exhibits in France and other countries.

The department supplied trade information in the form of loose-leaf pamphlets, or in response to verbal and written inquiries, and at the same time welcomes the opportunity of helping foreign traders seeking information as to the French market. The department will soon begin the publication of a periodical similar to the British Board of Trade Journal.

The commercial exhibition plans include at the present time a "touring fair" for Canada, the Colonial exhibition at Marseilles in 1922, and an inter-allied exhibition which is planned to be held in Paris in 1925. Permanent exhibitions are being provided for branch offices of the department in the principal countries of the world. These exhibitions have already been opened in Spain, Switzerland, Czecho-Slovakia, the Balkan States and in London.

### NEW FRENCH LOAN

Announcement was made October 20, by Gaston Liebert, Consul General for France in New York, of the official opening of subscriptions to the new French National Six Per Cent Loan of 1920. Subscriptions are to close at the end of November, and are redeemable in 1931. Subscriptions will be accepted in French bonds of 1915, 1916 and 1920 up to one-half of the amount subscribed. In making the announcement, Monsieur Liebert said: "As this loan is in part intended for the redemption

of an important part of the currency of the national banks of France, the natural consequence will be that in the near future the value of the franc will greatly increase. Without any exaggerated optimism, one may say that the investor of dollars in 1920 will in 1921 receive from eight per cent. to nine per cent. on his capital."

Summing up the financial and economic situation of France, Monsieur Liebert pointed out that France has reconstructed most of her railways, her tunnels and her canals. The coal fields of Lens systematically destroyed by the Germans are being restored and are daily increasing their yield. The devastated areas are again under cultivation, which is being intensified by modern methods. "The facts," said Monsieur Liebert, "reduce to nothing in the most complete and definite manner the pessimistic rumors which a few publicists and correspondents of certain newspapers, totally ignorant of the real situation and sometimes ill-intentioned have recently spread abroad among the American public. The origin of this base campaign of discredit against France could be easily exposed. It comes always from the same sources but it is enough to show things in their true light to prove that France, who in the past has always honored her signature, did not lose a particle of her financial strength for which she has always been well-known. It might even be added that this strength has been increased now that she is victorious and that her general resources have been greatly enhanced through certain provisions of the Peace Treaty.

"The French people know how to make the necessary sacrifices in order to overcome the most serious difficulties. Due to this fact we now see the brave population of that rich country pay, without finching, taxes four times higher than in 1914. With such a spirit prevailing can anyone doubt the future of France?"

Pierre Moracchini, the French Vice-Consul, commented that the most accurate idea of the true situation of French finances, one that is based upon



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official documents and that proves strikingly the recuperative power of the country, is conveyed by the summing up of the situation by Lieutenant-Colonel Philippe Bunau-Varilla, the famous French engineer, who was wounded at Verdun. Mr. Moracchini quotes Mr. Bunau-Varilla as saying:

"Since the beginning of the year the French Government has not borrowed any money from the Bank of France. Therefore, it can be said inflation has ceased. More than that, deflation will follow in a short time. The French Minister of Finance expects to reimburse to the Bank of France at the beginning of next year 3,000,000,000 francs so as to reduce the debt of the Government to the bank. A corresponding elimination of bank notes will result.

"The total quantity of money to cover yearly expenditures of the Government is 18,500,000,000 francs. This represents the liquidation of all war expenditures and loans except pensions and the

expenses for reconstruction of the devastated districts which, according to the Treaty of Versailles, must be paid by Germany. The annual expenditure of 18,500,000,000 francs is entirely covered by the new taxation voted recently by Parliament which will yield 22,000,000,000 francs annually, or a surplus of 3,500,000,000 francs above expenditures. Therefore, no one can maintain the reproach of former years that our house has not been put in order."

### FRENCH TAXATION

In a recent article John Bolinger, vice-president of the National Shawmut Bank, of Boston, had the following to say about the French taxation program:

Some criticism has been directed by certain elements among the population toward the unsatisfactory financial condition in which the French Government has been placed. This situation is largely the result of disinclination on the part of the Government to adopt at once a policy of high taxation on the people of France. Cause for reproach on that score, however, no



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What this means to the banker interested in America's foreign trade is told by an authority, Professor Huebner, in a booklet, "The Basis of Our Shipping Prosperity." Solid facts, yet lively reading. Write for a copy.

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longer exists. The new taxes, now levied upon every citizen of the Republic, give ample promise of a revenue more than sufficient to cover the ordinary expenses of her budget. Belief that Germany would pay large indemnities is in great measure responsible for France's reluctance to charge herself with amounts which might properly be secured from Germany. The desire of the contesting political parties in the recent election to avoid the suggestion of huge tax burdens upon the community was also a factor in delaying the adoption of a practical plan of taxation. Nothing speaks more eloquently of the courage of the French people or gives greater promise of the ability of France successfully to overcome her financial obstacles than the uncomplaining acceptance of this tax burden.

## Europe

### AN AMERICAN BANKER'S VIEWS ON EUROPEAN CONDITIONS

Upon his return from a ten weeks' trip to Europe, John H. Mason, President, Commercial Trust Company, Phil-

adelphia, Pa., was asked to express his views as to the present day situation based upon his observations in England and the battle areas of France and Belgium. The following brief summary of Mr. Mason's expressions warrants a careful reading:

Are we interested in the restoration of France, Belgium and Central Europe, or can we just ignore them and think of ourselves?

After a visit to the battle areas of France and Belgium and then through the beautiful chateau district of France, and parts of that wonderful country not knowing any of the scars of war, my contention is that we are more vitally interested, not only in our former Allies returning to normal, but also Germany and Austria and all the others.

Many persons are asking me "Will France and Great Britain come back?" Why, of course they will, but only in time. The leaders of those two countries are quite awake to the problems of to-day and in an orderly and normal way are endeavoring to solve them. They have not the slightest thought that they can be solved in a year or two,—they expect it to take generations, and if we in our impatient way can only adopt the same idea that it will take time for the world to right itself, we will play

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CAPITAL (Authorized) - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - -	15,000,000
PAID-UP CAPITAL - - - -	10,200,000
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a more important and stronger part in the "comeback" of the world. M. Millerand, the French Premier, recently stated that the battle area of France comprised about 11,250 square miles, which is just about the size of the State of Maryland, and that thirty per cent of this area was in crops this year. I think this fact more than any other answers the question "Will France come back?" In my opinion, England with all her training and experience as a great international power will, beyond all question, regain her place as the financial center of the world. With the greatest appreciation of my country, I am more than ever impressed with the fact that we have not as yet had the experience and training to become Internationalists and that in some ways we are not even Nationalists, but are rather prone to be Localists. World problems must be solved by world vision and the British are more sound and experienced in this field than any other nation.

I would urge every American banker who possibly could do so, to travel over the war area of France and Belgium. You may read, you may hear others talk, but you cannot visualize except by seeing, and as you motor through Ypres, the battlefield of the Somme, out through Soissons and Rheims, you are awed with the destruction and devastation, and yet right within a stone's throw of these battle fronts, you will find here and there a French peasant back at

the place he once called home, living in a hut, surrounded by flowers and trying to cultivate what fertile land he is able to find. It is truly a wonderful spirit. From these fields go on down to Chateau Thierry and Belleau Woods where the American soldier played his part. At these points there was little or no bombardment but just a fierce, hard fight and nature has healed practically all of the scars so that one can hardly realize there was ever a battle there. As far as the eye can reach, there is nothing but beautiful crops, exquisite flowers, with the placid winding of the Marne, which played such a conspicuous part in the World War. I am quite sure the experience of all those who may make the trip will be practically similar to mine, that there is little or no personal discomfort to the traveler of today in either France, Belgium or Great Britain. Just go and see for yourself, and you will never regret the trip.

## THE ITALIAN SITUATION

Importers in the United States of Italian commodities will be very much interested, says the Italian Discount and Trust Company, of New York, in the announcement recently made by the Italian Chamber of Commerce in New York to the effect that, hereafter,

American Consuls will issue consular invoices for exports from Italy to the United States on the quotations of the gold exchange which the Italian Government establishes for the payment of railroad tickets sold abroad or involving a trip beyond the boundaries of Italy.

The Chamber states that its plea to the United States Treasury Department has been successful, and that the Treasury has agreed to discontinue the valuation of the gold lira at the rate of two paper lire for the satisfaction of custom duties, and to adopt the actual gold exchange instead.

During August, the United States imported from Italy goods to the value of about \$5,390,000, which is about \$1,435,000 less than in August, 1919. The exports from the United States to Italy during the same month amounted to about \$18,000,000 as against \$28,500,000 in the corresponding month of the preceding year.

The total value of the domestic exports of machinery, during August, from the United States to Italy was \$249,555, divided as follows: Textile machinery, \$84,519; lathes, \$1,999; other machine tools, \$63,514; sharpening and grinding machines, \$24,726; all other metal-working machinery, \$54,456; excavating machinery, \$18,400; air-compressing machinery, \$346.

Italian Treasury receipts for August, 1920, amounted to 877,544,066 lire, as compared with 682,796,669 lire for August, 1919. This is an unusually large increase. The detailed statistics reveal that all items show an increase, with the exception of indirect taxes on consumption. The figures are:

Item	August, 1919 Lire	August, 1920 Lire
Direct taxes on incomes .....	370,011,482	444,443,730
Indirect taxes on consumption ....	95,751,199	88,053,361
Taxes on business and profits .....	71,511,022	104,922,250
Industrial monopolies and lottery	143,345,675	220,636,101
Commercial monopolies .....	2,177,290	19,498,624
Total .....	682,796,669	877,554,066

Despite the unsettlement which was brought about by the recent series of labor troubles in Italy, security prices in general on the Italian stock exchanges have held up in a surprisingly firm manner.

A bill providing for the abolition of certain Italian trade restrictions was passed recently by the Chamber of Deputies. The measure, among other things, will limit the activity of the Government in the production and distribution of goods, permitting the largest freedom possible under existing conditions; and will result in the infliction of heavy penalties for those convicted of profiteering in articles of prime necessity.

### GERMAN BANK MERGER

The New York Times Berlin correspondent reports that the Deutsche Bank has increased its capital from 275,000,000 to 400,000,000 marks, thus again becoming the bank with the biggest capital in Germany.

Sixty-eight and three-quarter millions will be offered to present shareholders at a premium of 120 per cent., so that the bank will obtain for that portion 151,250,000 marks. The remainder additional capital will mainly consist of shares given in exchange for those of three other banking concerns, the Hanoverian Bank, a Brunswick private bank, and a private bank of Gotha, which the Deutsche Bank, already possessing most of their stock, will now buy up.

In addition working arrangements will be concluded with a Wurtemberg banking company and the Hildesheim Bank.

### SWISS BANKING ASSOCIATION

The Swiss Banking Association has taken over as from October 1 last, the Banca Svizzera Americana in Locarno and Lugano thus extending its sphere of activity to the Canton of Tessin. The already greatly expanded net of branches of the Swiss Banking Association has thereby received a valuable





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addition inasmuch as this bank will now also be represented in the southern part of Switzerland—close to the Italian frontier. Locarno and Lugano ranking amongst the most famous tourist resorts of Switzerland the bank's extended facilities will undoubtedly be appreciated by Americans who are choosing those towns, which are benefited by a mild and southern climate, as their holiday places.

The Swiss Banking Association has a paid-up capital of frs. 70,000,000, and reserves amounting to frs. 15,000,000—branches are now maintained in the following places: Aadorf, Aarau, Baden, Basle, Couvet, Flawil, Fleurier, Geneva, Gossau (St. Gall), Laufenburg, La Chaux-de-Fonds, Lausanne, Lichtensteig, Liestal, Locarno, Lugano, Montreux, Rapperswil, Rorschach, Rüti (Zurich), St. Fiden, St. Gall, Vevey, Wil, Winterthur, Wohlen and Zurich.

## RELIEF CREDITS FOR CENTRAL EUROPE

The Bankers Trust Company, New York, reports that the International Committee for Relief Credits, constituted to act as Standing Committee to the International Finance Conference, have held numerous meetings and have arranged new relief and reconstruction credits, amounting to approximately £15,000,000, viz., in the form of food, raw materials and transport services by the Governments of Denmark, Great Britain, Holland, Norway, Sweden and Switzerland. The French Government are ready to ask Parliament for the necessary resources in order to cooperate in the execution of the common relief scheme.

The Argentine Government have introduced a bill to authorize an advance of 5 million pesos, or approximately 35 million French francs, and the Italian Government have already agreed to the opening of a credit of 100 mil-

lion lire, under the reserve of a deduction for part of the deliveries already made to Austria.

It is hoped that Canada, who was represented at the Conference, will also be in a position to participate in this international undertaking.

The United States of America, who are not officially represented on the committee, have provided large commodity credits to this European situation, and have collaborated with the committee to the end that there would be co-ordination in the extension of their relief credits.

The credits are available for the following countries: Poland, Czechoslovakia, Jugo-Slavia, Roumania, the Baltic States, Armenia, Georgia, Austria and Hungary. Each lending country reserves complete liberty as to which country its credits shall be extended, but agrees to accept a common form of bond as security.

## Scandinavia

### U. S. TRADE WITH NORWAY

United States imports from Norway for the month of August were \$2,636,954 as compared with a total of only \$347,180 in the same month of last year. For the eight months of this year imports from Norway are valued at \$13,274,058, while in the first eight months of 1919 imports from Norway were valued at \$2,964,826.

Exports to Norway in August were \$7,912,578, a decrease of \$945,179 as compared to August, 1919, while for the eight months of the current year exports have been \$71,053,065 as compared to \$93,267,765 last year. The outstanding feature of this showing is, of course, the enormous increase in our purchases from Norway, combined with the decrease of our exports to that country.

### SERVICE IN SCANDINAVIAN COUNTRIES

The Liberty National Bank, of New York, has issued an announcement stating that it is prepared to render service in Scandinavian countries along the following lines:

1. Reports on existing trade conditions in the respective Scandinavian countries.
2. Detailed information as to the market for specific products abroad, together with prevailing prices, terms of sale, etc.
3. Credit data as to the financial responsibility and general standing of Scandinavian firms.
4. Supplying the names of desirable Scandinavian concerns capable of representing American manufacturers or exporters in the Scandinavian field—Custom duties, etc.
5. Assistance in securing the American representation for Scandinavian firms where there exists an opportunity of selling Scandinavian goods in this market.

### DANISH TRADE CONDITIONS

The Liberty National Bank, of New York, reports that the continued decrease in the value of the Danish krone both in London and New York, has caused a renewed agitation in favor of the Finance Control Committee.

Bankers particularly are in favor of such an organization, their idea being that while it would not right the exchange situation at once, it would tend to put it on a sounder basis.

The Scandinavian representative of the Liberty National Bank is informed that a commission, such as suggested above, has been appointed, consisting of twenty-five representatives of finance, industry and commerce, together with the ministers of trade and finance.

Plans submitted to the Danish Government by this commission provide for the creation of an "export central" to control all imports and exports and insofar as possible place in operation a system of barter with the western countries in an effort to raise the value of the krone.

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 New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte  
 Australia: Bank of New South Wales  
 Shanghai: Bank of Canton, Ltd.  
 Chicago: Continental & Commercial Nat'l Bank  
 Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

## Far East

### CHINESE CONSORTIUM AGREEMENT SIGNED

The final agreement of the Chinese consortium was signed last month by the representatives of the four countries concerned, and the State Department at Washington and the Foreign Offices at London, Paris and Tokio immediately notified. The representatives of the four Governments formally agreed to the contract some time ago, and all that remained to bring the consortium into actual being was the signatures of the banking representatives.

The document was signed by Sir Charles Addis, as representative of the Hongkong and Shanghai Banking Corporation and of the British group; Captain René Thion de la Chaume, of the Banque de l'Indo-Chine, for the French

group, and by K. Takeuchi, of the Yokohama Specie Bank, for the Japanese group. The agreement was signed on behalf of the American group by the representatives of the Managing Committee, which is composed of J. P. Morgan & Co., Kuhn, Loeb & Co., the National City Bank, the Guaranty Trust Company, the Chase National Bank and Lee, Higginson & Co., all of New York, and the Continental and Commercial Trust and Savings Bank of Chicago.

The signing of the agreement is the final step in the whole plan which was begun two years ago this autumn, when the State Department addressed an identical note to the British, French and Japanese Governments with the suggestion that they encourage in their respective countries the establishment of strong banking groups with the purpose of forming a consortium for the assistance of China, the establishment of her public utilities and the stabilizing of her finances.

### AMERICAN GOLD FLOWING TO FAR EAST

American gold is flowing steadily to the Far East, and exports of the metal from the United States to Japan, representing the transfer of private Japanese balances here to Nippon, are running currently at a rate of approximately \$3,000,000 a week. Shipments are being made from San Francisco.

Akira Den, financial commissioner of the Japanese government in New York, estimated recently that the outward flow of gold from this country in favor of Japan would aggregate approximately \$13,500,000 during October.

With October gold exports on Japanese account setting a new record for recent months, the total outward movement since June 30 aggregates slightly less than \$40,000,000. July exports to the metal amounted to \$11,500,000, while another \$11,500,000 was shipped to Japan in the months of August and September.

According to Mr. Den, the current movement of metal to the Far East is entirely on private account. Several months ago the Japanese government withdrew gold from here on its own account, but early in the Summer it announced that it would make no further shipments. It was made clear at the time, however, that the government would in no way interfere with the importation of gold from the United States on private Japanese account.

Japanese private balances in this market have been of large proportions for several years. During the war they were swelled by the American purchases of Japanese goods. After the armistice and early this year, when Japan was in the throes of a serious financial and economic upheaval, these balances were much reduced. Recently they have been increasing and liquidation of cotton held here for Japanese account following the severe fall in the price of the commodity has been a factor in building up the Japanese balances here. At the same time Japanese interests resold in this market sugar purchased in Java, taking advantage of

the high prices prevailing a few months ago, thus adding further to their American balances.

Japanese cash balances in this market were also augmented somewhat by the paying off of the \$500,000,000 Anglo-French loan maturity on October 15. At one time the Japanese government and Japanese merchants held approximately \$50,000,000 of these bonds. A large portion, however, was sold before the maturity of the issue.

The exchange market position between here and Japan favors that country, so that at the prevailing rates for the yen it is a profitable operation to ship gold there. The gold parity of the yen is approximately 49 $\frac{3}{4}$  cents, whereas the current market rate is now only a fraction under 51.

## Cuba

### ECONOMIC CONDITIONS IN CUBA

Reports from Cuba are to the effect that conditions are improving. The result of the election, for one thing, is generally considered as favorable to the best economic interests of the country, and furthermore the situation is being handled in an able manner. That American bankers will bring some sort of relief to the financial stringency seems assured but whether this will take the form of a loan to the Cuban government or one direct to corporations on the island is not yet determined. At any rate it seems likely that a loan of from \$50,000,000 to \$100,000,000 will be floated in New York shortly and it is felt that such an issue will find a ready market. The proceeds of this loan will be used in mostly financing the sugar crop.

When the moratorium was declared some weeks ago, shortage of currency immediately became acute. To relieve this embarrassment, between \$50,000,000 and \$60,000,000 Federal Reserve

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(BANCO NACIONAL DE CUBA)

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Assets in Cuba . . . . . \$238,809,410.20

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**BANK OF CUBA IN NEW YORK**

**34 WALL STREET**

notes have been shipped to Cuba from this country, chiefly through the Reserve Bank of Atlanta. This transfer has helped, and banks and business men have acted to relieve the pressure by using certified checks in place of cash. Checks, certified by the larger banks, have been availed of to meet bills falling due on internal transactions, the final liquidation of this paper to occur after the moratorium is lifted.

It is reported that business interests, especially those engaged in the marketing of sugar, are finding encouragement because of a changed attitude of labor. J. T. Monahan, vice-president of the Bank of Cuba in New York, said recently that customers had written that some workers who received as high as \$7 a day for cutting sugar cane had notified employers that they would be ready to help out in the crisis by working for \$2 to \$2.50 a day. The planters believe that this attitude will have an important bearing upon the cost of producing the next crop of sugar, which

begins to go through the mills in January.

## Latin America

### CONDITIONS IN MEXICO

An encouraging report on conditions in Mexico, political and commercial, has been made by Joseph W. Rowe, representative in that country of the Irving National Bank, who has recently returned to New York after a stay of five months in the neighbor republic.

Mr. Rowe has lived in Mexico during the greater part of the period since 1913, when Victoriano Huerta was president. Not in that time, he said, has the outlook contained so many reassuring features as today. With peace restored industrial and agricultural activities have received a new im-

## ***Our Service to Banks and Bankers***

**COLLECTIONS:** A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

**LETTERS OF CREDIT:** Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

**TRAVELERS AND REPRESENTATIVES:** When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

**CREDIT INFORMATION:** Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

*We Cordially Invite Your Correspondence*



**Foreign Department**

**Head Office, Havana, Cuba**

petus. A steadily increasing output is being shown both in mining and oil operations. The grain crops are larger and it is now expected that for the first time in several years Mexico will have sufficient cotton not only for domestic purposes, but for export as well. The situation, he believes, offers to American business men an inviting opportunity for the resumption of extensive trade relations.

"Mexico's recovery since the downfall of the Carranza regime," said Mr. Rowe, "has been rapid. The new provisional government headed by Adolfo de la Huerta and dominated by his energy and common sense, has accomplished in four months what Carranza failed to do in six years; it has pacified the country. All the important rebel leaders who opposed Carranza are working in accord with the new government or have been eliminated as menaces to political life. Travel is safe in virtually every part of the country. It no longer is necessary for trains to carry military guards and we no longer hear of them being attacked or blown up.

"One hesitates to prophesy, but two outstanding facts give ground for optimism. One is that the peon, without whom there would be no armies in Mexico, is tired of fighting. Second, the military policy of the government toward armed opposition—which undoubtedly will be continued when Obregon becomes president—is so effective and practical that the likelihood of any rebel movement of importance arising is greatly diminished.

"Good crops are expected this year. Mexico formerly produced only enough cotton for her own textile factories. This year it expects to have almost 100,000 bales for export to Europe. The country has had to import a considerable quantity of corn; this year it is thought the crop will almost equal the demand. In Yucatan, where economic conditions have been bad, henequen planters are expecting better prices for their product soon.

"Business in general has been hampered by inability to obtain goods from

abroad. Foreign orders, especially from the United States, now are being filled with less delay, and the merchants in consequence, are hopeful. The commercial fabric is strong. During all the years of disturbed conditions, there were only two failures of importance. Both were caused by speculation, but both concerns met their engagements in full.

"Because of the high business morale of her merchants, Mexico offers a most desirable market with which to do business, and one which logically should be dominated by the United States. To gain and hold our full share of business we cannot regard Mexico as an occasional market, to be catered to only when home demand is light. We should regard it as being as permanent from every standpoint as a domestic market. We should send out more factory-trained salesmen who speak Spanish fluently, for experience has shown that periodicals visits of such produce best results.

"One sign that the country is launched on a new era of business activity is that not since 1910 has there been such a demand for credit information from all over the world regarding Mexican concerns. The country's wonderful resources are being exploited on a broader scale than ever before. General Alvara Obregon, whose ideas and ideals strike respondent chords both in Mexico and the United States, will become president in December. The change will be made quietly, and the majority of the people believe he will lead the country to peace and prosperity."

#### FINANCIAL CONDITIONS IN PERU

A bulletin issued by the Guaranty Trust Company thus summarizes the financial condition of Peru:

Financially, Peru is in splendid shape. On January 1, 1920, her total public debt was \$45,158,955, having been reduced by \$1,935,000 from June 30, 1918. Her monetary system is one of the most solid in existence. The Peruvian bank notes, amounting to more

# Nordisk Bankinstitut *A/S*

Christiania, Norway

*Paid up capital of 8 Million Kroner*

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



than \$30,000,000, are backed by deposits in gold equal to 91.21 per cent. of the total issue. The banks are prospering and are on a safe basis. The publication in newspapers twice monthly of the balance sheets is required by law.

Credits of 60 to 120 days, and even longer, were allowed before the war, but terms reverted to a cash basis during that period. Recently, however, credit has been extended again, though not to the extent prevailing before the war. Bankruptcy has been unknown there for the last five years.

Recently, money being short, Peru has recalled \$3,155,000 in gold bars from her New York deposits. Exports taxes are collected on all important products including minerals and a surcharge of 10 per cent. on imports is now required in the schedule of customs duties. This regulation was recently established to provide funds for carrying out the Government's vast sanitation scheme.

## BRAZILIAN IMPORTS OF TEXTILES SHOW INCREASE IN 1918

Brazil imported \$33,000,000 worth of textiles in 1918, of which the United States furnished nearly \$5,750,000, as compared with only \$176,500 during the last normal year before the outbreak of the war, according to a special report on the textile markets of Brazil, published by the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

The showing of the American textile manufacturers in this market is creditable according to the report when due consideration is given to the fact that the domestic manufacture of textiles is much more highly developed in Brazil than in any other South American country. The protective tariff enables the Brazilian textile plants to overcome foreign competition in many lines of goods.

The field that is capable of effective cultivation by American exporters in Brazil is not so large as a study of consumption figures indicates. It is, therefore, peculiarly essential in the case of Brazil, says Trade Commissioner Garry, author of the report, to be well supplied with definite information regarding the Brazilian industry and to know the lines of effort that Americans can successfully follow. "Such knowledge will prevent fruitless expenditure of time and money and will tend to concentrate American activity on the really practical phases of the trade," states Mr. Garry.



## International Banking Notes

At a meeting of the executive committee of the board of directors on October 21, Theodore Rousseau was appointed an assistant secretary at the Paris office of the Guaranty Trust Company of New York.

Robert Monneron-Fraissinet, hitherto partner of Messrs. Monneron & Guye, bankers, has been appointed joint manager



# Aktiebolaget Svenska Handelsbanken

The Swedish Bank of Commerce

HEAD OFFICE: Stockholm

Cable Address: "HANDELSBANK"

Capital Paid Up . . . . Kr. 80,708,600

Reserve . . . . . Kr. 100,268,609

Resources . . . . . Kr. 1,501,601,560

With 254 branches throughout Sweden this bank is fully equipped to handle the Swedish business of American banks

of the Swiss Bank Corporation's Lausanne office.

The management of the Lausanne office will consist of Messrs. Jean Muret and Robert Monneron, managers, and Arthur Randin, sub-manager.

The United States has passed from third to first place among the nations from which Argentine buys goods. In 1910 the U. S. shipped goods to that country valued at \$52,195,366 whereas last year the shipments totaled \$232,868,396, an increase of 346 per cent.

Profits of the Commonwealth Bank of Australia for the half-year ended June 30 last, were £392,604 of which £196,302 was appropriated to reserve fund and £196,302 to redemption fund. Total assets on June 30 were £68,679,412.

The Banque Industrielle de Chine has opened a branch at Tsinanfu, in the Province of Shantung, China.

Bank Marmorosch, Blank & Co., of Roumania, has opened a New York agency at 115 Broadway, New York. I. Heiger is the New York agent. Besides its branches in Roumania this bank has branches in Paris and Constantinople.

The Queensland National Bank, Limited, whose head office is at Brisbane, reports net profits of £104,672 for the year ended July 30 last. During the year interim dividends at the rate of 10 per cent. per annum were paid. £28,000 was transferred to reserve fund and £6,164 was carried forward. Au-

thorized capital of this bank is £2,000,000; subscribed capital £800,000; paid-up capital £796,655; reserve fund £300,000.

The Guaranty Trust Company, of New York, has opened its new Constantinople office, which has been established to meet the growing requirements of American and European business interests in the development of their commercial relations with the Near East. Like the company's other foreign offices at London, Liverpool, Paris, Havre and Brussels, the new branch is an independent banking unit, conducted on American lines and rendering American service. A new booklet, "Trading with the Near East," which outlines present conditions and the possibilities for American trade, has just been issued by the Guaranty and may be obtained on request.

The Savings Bank of South Australia has issued its report for the year ended June 30, 1920, showing gross revenue amounting to £598,271, an increase of £71,641 over the previous year. The amount of deposits was £11,770,480, an increase of £4,474,966 compared with the previous year. The total number of depositors was 337,341, an increase of 15,986.

The Bank of Bolivian Nation, whose head office is at La Paz, had total resources on June 30, 1920, of Bs. 95,288,261.27. On the same date authorized capital was Bs. 50,000,000, paid-up capital was Bs. 22,000,000, and reserve fund was Bs. 2,500,000.

Banco del Peru y Londres in its balance sheet of August 31, 1920, shows total re-

sources of Lp. 11,736,706; paid-up capital of Lp. 500,000; reserve fund Lp. 300,000.

Because of building delays the opening of what was the Hotel Bristol as the Paris branch of the Bankers Trust Company will not take place until next Spring. In the meantime temporary offices have been equipped at 9 Rue St. Florentine and 16 Place Vendome, the former for general banking business and the latter as a Travelers' Department.

At a meeting of the executive committee of the board of directors on October 28, Irving J. Greene was appointed an assistant secretary at the Brussels office of the Guaranty Trust Company of New York. Mr. Greene is 27 years old and has been with the Guaranty since March 22, 1916, having served successively in the securities, the trust, and the coupon departments. He was sent to the Paris office in September, 1916, and in August of 1919 was transferred to the Brussels office. For several months past, he has been employed at the main office in New York.

The report of the Anglo-South American Bank, Ltd., for the year ended June 30 last, shows the institution's net profits to have been £1,024,156. To this was added £241,619 brought forward, for a total of £1,265,775. The interim dividend paid on April 30 of this year took £262,500, leaving an available balance of £1,003,275 at the end of the year.

Robert J. Hose, chairman of the board, under date of October 9, 1920, reports that an increase in capital has been effected during the last year by the issue of 150,000

shares. The arrangement for the purchase of the shares of the British Bank of South America, Ltd., has been completed since February 21, 1920, and out of the total of 100,000 shares of 20 pounds each with 10 pounds paid up thereon, holders of 99,238 shares have accepted the offer. The issued capital is thereby raised to 8,729,040 pounds, of which 4,364,520 is paid up, and this sum will be increased by any further assets received.

Since June 30, 1920, arrangements have been made whereby the Anglo-South American Bank, Ltd., has acquired 60 per cent of the capital of the Banco de A. Edwards y Cia., of Valparaiso and Santiago, Chile, at the price of \$190 a share, on which \$100 is paid up.

The Commercial Bank of Spanish America, Ltd., in which the Anglo-South American Bank, Ltd., had a holding of 240,781 shares of £1 each out of a total of 261,417 shares, has developed its business to necessitate an increase in its paid up capital to £500,000, and accordingly the balance of 238,583 shares has been subscribed for by the Anglo-South American Bank, Ltd.

The New York agency of this bank is at 49 Broadway. F. C. Harding is agent and W. M. Dawkin is sub-agent.

In view of the great importance of the conclusions arrived at by the recent International Financial Conference at Brussels, Lloyds Bank, Limited, has reproduced, in the form of a special number of its monthly financial report, the resolutions proposed by the various commissions and adopted unanimously by the conference. A limited number of the issue is available for distribution, and copies may be obtained gratis from the information department at the head office of the bank, Lombard Street, E. C.



# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

**CAPITAL . . . . \$5,000,000.00**  
**SURPLUS . . . . 5,000,000.00**  
**UNDIVIDED PROFITS 2,500,000.00**

**OFFICERS**

HARVEY D. GIBSON . . . . .	President
DANIEL G. REID . . . . .	Vice President
ALEXANDER V. OSTROM . . . . .	Vice President
CHARLES W. RIECKS . . . . .	Vice President
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THEODORE C. HOVEY . . . . .	Assistant Cashier
LOUIS W. KNOWLES . . . . .	Assistant Cashier
RAYMOND G. FORBES . . . . .	Assistant Cashier
DANFORTH CARDOZO . . . . .	Assistant Cashier
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DONALD D. DAVIS . . . . .	Trust Officer

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You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Hibernia Bank & Trust Company, New Orleans, La.  
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American Exchange National Bank, Dallas, Texas  
Charlotte National Bank, Charlotte, N. C.  
First National Bank, Jersey City, N. J.  
Greenwich Trust Company, Greenwich, Conn.  
Colonial Trust Company, Philadelphia, Pa.  
Titusville Trust Company, Titusville, Pa.  
First National Bank, Richmond, Va.  
Virginia Trust Company, Richmond, Va.  
Planters National Bank, Richmond, Va.  
Lynchburg National Bank, Lynchburg, Va.

**We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.**

**Alfred C. Bossom**

*Bank Architect and Equipment Engineer*

680 Fifth Avenue, New York

# Extension of Credit on Transportation Equipment

The Relation of Economical Haulage to Security of Loans—  
Importance of Highway Transportation—How Motor  
Trucks and Trailers Affect Local Prosperity

**T**HERE has been much discussion of late in connection with curtailment of credits regarding refusals by bankers of loans to automobile and motor truck distributors and dealers. This has involved the old question of essential and non-essential industries, a problem with which the Treasury Department, War Trade Board and War Industries Board wrestled earnestly without solving satisfactorily.

On this subject Governor Harding, of the Federal Reserve Board, said recently in an address at the credit convention of the Motor and Accessory Manufacturers Association in Cleveland:

"We have not undertaken to dictate to any bank what loans it shall make or what it shall not make. We have merely suggested as our policy, in the best interest of the various communities in this country, that each bank exercise its judgment and support more

particularly the local industries which were dependent upon it and that, if they must limit their loans, they discriminate in favor of those particular industries which in their judgment are essential and which are necessary for the support and upbuilding of their communities."

The judgment of individual bankers will differ on these questions according to their knowledge and analysis of conditions and their breadth of view. The purpose of credit curtailment is to bring about a wholesome deflation, reduce speculation and gradually readjust prices to a more nearly normal basis. Credits, therefore, should be extended in directions which will assist in bringing about these ends.

Governor Harding, in his address, named as four fundamental essentials: food, fuel, clothing and shelter, and said:

"In order to provide for these neces-



Cost of hauling cotton in the South is greatly reduced by the use of trucks and trailers

sities, transportation looms up as an absolutely important factor."

He might have gone further and said that it is not only an important factor, but that transportation and distribution of these essentials is just as essential as their production. Of what use is production of essentials unless they are moved from where they are produced to where they are required? No agricultural, mining, or manufacturing community can prosper unless it has adequate facilities for moving its products. Commodities and manufactured goods would be poor securities for loans if transportation facilities were lacking or very inadequate. Unless farmers can ship their grain, their storage facilities become overtaxed and part at least of the crop is exposed to the weather, and the inroads of rats and mice, in stacks, shocks, or sacks.

These, of course, are obvious truths but it is doubtful if enough thought has been given them.

When transportation is mentioned, nearly everyone, including the banker, farmer, the great majority of manufacturers and practically all merchants, are quite as dependent on transportation by highway as by rail. At some stage of the journey from producer to consumer almost every article shipped by rail, with the exception of fuel used by industries, has to be hauled over the highways.

Improvement of the highways and the use of the most economical means of haulage and delivery by highway cut down the overhead of the farmer, manufacturer and merchant, enable them to make better profits and tend to lower the cost of essentials to the consumer. Increased profits of course mean better security for loans to the local farmer and business man and build up the local community.

The most enterprising and successful manufacturers, merchants and farmers in every community have found that the motor truck, the trailer and the automobile delivery wagon not only afford the cheapest means of transportation by highway, but build up their business by extending the radius of the area in which they can market their goods from

ten or fifteen miles to thirty miles or more. For example, an investigation conducted by the Office of Farm Management and Economics, of the U. S. Department of Agriculture, showed that about 25 per cent. of 753 farmers who reported having purchased motor trucks had changed their markets for at least a part of their produce and whereas formerly they had to accept prices offered in markets an average distance of seven miles from their farms, they now obtain better prices in markets an average distance of twenty miles away.

Prompt delivery increases the business of the individual manufacturer and merchant and at the same time quickens the general activity of the community. It also enables the farmer to get his products to market in better condition than when the hauling is done by wagon, saves the farmer's time and encourages the marketing of considerable quantities of produce that otherwise would go to waste.

While the motor truck has brought about a very material saving in hauling costs, this saving is and can be still further increased by the use of trailers, which double or triple the hauling capacity of the trucks at an increase in operating and overhead expense of approximately 25 per cent. It is estimated that in the neighborhood of 50,000 trailers are now in use in the United States, and their number has doubled annually for several years. They are used with economy and satisfaction in more than 200 lines of business and new uses for them are being developed almost monthly.

The haulage problem is a serious one for the farmer because of the shortage and high cost of farm help, the increased expense of raising or buying and feeding horses, and the rising price of good farm land. Each horse requires five acres of land for his support, plus the work of raising hay and oats. This land and labor could be more profitably employed in producing food for human consumption. Several million farms in the country are too small to provide sufficient hauling to warrant the purchase of a motor truck of even

one-ton capacity. A large percentage of these farmers, however, own motor cars, which are essential to their work but which can be made to serve the double duty of passenger conveyances and light commercial vehicles by the purchase of light, inexpensive trailers to be drawn behind the automobiles. Such trailers are used only when needed and do not interfere with the custom-

of cars, trucks and trailers in carload lots to secure lower freight rates, and they must stock up during the winter to be in position to make prompt deliveries to purchasers early in the spring. Factories demand full payment on receipt of shipments, hence the distributor and dealer must have sufficient money to take up shipments as received and carry stock for a few months until sold.



Small dairymen and farmers make the passenger automobile serve a double purpose by hauling products to market in a light trailer

ary use of the automobile, either with or without the trailer.

As motor haulage equipment is such an important factor in the growth and prosperity of the community, the banker can very properly look with favor upon requests for loans from motor truck and trailer distributors and dealers. In every community the automobile and truck dealers are among the most energetic and enterprising business men and their business has had a phenomenal growth. It is necessary for them to secure their stocks

of motor equipment is readily salable, supply rarely having exceeded demand. Sales of trucks and trailers during the last two years have far exceeded any previous business done by the industry. Increased railroad freight and express rates, coincident with falling market prices, are forcing upon business men the necessity of reducing the cost of doing business. This condition is confidently expected to cause them to examine more carefully into the cost of haulage and to stimulate the purchase of equipment that will lower the cost.



## W. J. Wollman & Company Install "No-Nois" Treatment

**B**ANKERS will be interested in the experience of Messrs. W. J. Wollman & Company, bankers, in quieting their offices on the second floor in the Equitable Building, New York. The first room in which they improved conditions was the wire room, which is approximately 21' x 16' x 15' high. The walls and ceiling are composed of ordinary hard plaster. Surfaces of this nature absorb sound very slowly.

York, their "No-Nois" treatment was installed over the entire ceiling in the room and down on the side walls over a distance of about 2 feet to the picture moulding. The "No-Nois" treatment consists of a special acoustical hair felt one inch in thickness, which is the most efficient sound absorbing material known. This felt is securely attached directly against the plastered surfaces. A pleasing appearance re-



View of general banking room of W. J. Wollman & Co. after "No-Nois" treatment had been installed

Consequently, the noise generated by the telegraph instruments, telephone bells and conversation, was prolonged and greatly magnified. This condition is common in buildings of modern construction, and can generally be appreciated by remembering the increased noise which meets your ears when the train in which you are riding passes through a tunnel.

On the recommendation of the Junius H. Stone Corporation of New

sembling plaster is secured by means of a heavy white sheeting, which is tightly stretched in front of the felt. Accompanying photographs taken after the "No-Nois" treatment was installed show that the appearance of the room is unchanged.

Relief from the noise was instantaneous, the consensus of opinion being that a noise reduction of approximately 70 to 75 per cent had been accomplished. At the same time the value of the "No-



Nois" treatment, as an aid to efficiency, was recognized, as there is now noticeably less fatigue and better concentration in the closing hours of the business day.

Attention was now directed to the general office, one section of which occupying a space approximately 40' x 20' was very noisy. In this section it was necessary to frequently call figures to a nearby worker, and there was so much noise in the room that it was necessary to raise the voice to a high pitch in order to penetrate the



The wire room



The customers' room

general din. This is, of course, a disagreeable and trying condition. In spite of the fact that this exceptionally noisy section was not separated from the rest of the office by partitions, the "No-Nois" treatment installed in the ceiling area only of this comparatively

small part of the room effected a radical improvement and the relief was very marked.

Finally, the "No-Nois" treatment has been installed on the ceiling in the customers' room, where it has produced an atmosphere of restful quiet reminiscent of the luxurious lounge in a Fifth Avenue club. A large number of other firms in the financial district, noticeably, Spencer Trask & Company, Harris Forbes & Company, Kidder Peabody & Company, B. F. Schwartz & Co., the National City Bank, the Irving National Bank, Corn Exchange Bank and Equitable Trust Company, are all using "No-Nois" treatment and it is finding a welcome place in banks throughout the country. Noise elimination, it is found, is as desirable and profitable as sufficient illumination and proper ventilation.



# The Transformation of Lanesville

## A New Bank That Started a General "Clean-up"

LANESVILLE was an old-fashioned country village that had never before risen to the dignity of a bank of its very own. Now a bank had arrived; it had not sprung up as swiftly as Jonah's gourd, but here it was, full-fledged and full of life—it lacked nothing but deposits.

Lanesville had never been noted for neatness; rubbish piles were in evidence—continually on the witness stand, so to speak. Housewives were slack, lawns were straggling, stores were disorderly—a fly paradise.

The new bank was a model of neatness, in striking contrast to the town at large. The first patron to appear was Miss Edwards. As she deposited the twenty-five dollars that she had long kept in the secret drawer in her grandmother's old chest she looked about her in astonishment, almost with awe, at the immaculate neatness of her surroundings. The courtesy of the smiling teller impressed her favorably, but the neatness of the bank made an indelible impression. As she entered her own yard again an unsightly rubbish heap met her eyes. "Dear me," said she, "I believe I will burn up that stuff!"

Mrs. Smith looked out of her window in surprise as the smoke drifted southward. Over she went to investigate. "Don't ask me any questions, Jane Smith," said Miss Edwards, emphatically—she was built on emphatic lines—"you go down and take one good look at that new bank!"

The curiosity of Mrs. Smith was awakened. Down to the bank she went. Apparently she also saw a great light, for another rubbish heap went up in smoke! John Jones looked out from behind the barn where he had wasted a good half hour in trying to teach Fido a new trick. "I vum," said he, "what are all those women doin'?"

Then his uneasy glance rested—with anything but a restful glance—upon his own disorderly premises. Jones was never a word-prodigal; he made a desperate resolve, and said: "Well, here goes!"

It spread like wildfire—no, like rubbish fire! The residents of the adjoining town noted the haze in the air and suspected that the seasons had reversed themselves and that Indian Summer had elbowed June out of place, for here was the smoky light of the poet: "And twinkle in the smoky light, the waters of the rill."

The next day house cleaning began. Miss Edwards was still the vanguard, while Farmer Jacques, who grumblingly washed windows for his wife, was the rearguard; in fact, darkness would have defeated him but for the firmness of his wife, she said, sternly: "Now, Ezra, I don't git no supper till every last winder is washed."

"Presto change!" an astonished sun shone upon the clean window panes of the village the next morning, in fact Old Sol had to protect his eyes with a few fleecy clouds before he chanced a second look. Even Ezra smiled, then he said: "Consarn it all, I'm goin' up to take a look at that bank that has stirred up these women folks so!"

So Ezra went, and his neighbors went—went as one man. Old stockings were emptied, secret hiding places were ransacked, the brooks began to flow into the river, the vaults to fill. Neatness was the magnet that had said: "Presto change," to the village, and then had lured in little hoards of gold and currency. "Cleanliness is next to Godliness," said the pleased president of the Bank of Lanesville. "Yes, and 'many a mickle makes a muckle,'" said the busy teller.

# Forty-Sixth Annual Convention of the American Bankers Association

## Important Action Regarding Foreign Trade Corporation Membership of the Convention at Record Figures

RESOLUTION UNANIMOUSLY ADOPTED BY THE CONVENTION, WEDNESDAY  
MORNING, OCTOBER 20

WHEREAS, The country's foreign trade position will be permanently strengthened by the establishment of a nationwide foreign trade financing corporation by means of which bankers, in cooperation with exporters, manufacturers and other producers, can effectively further the national welfare by maintaining and effectively developing America's foreign trade; and

WHEREAS, A plan outlining the purposes and functions of such an organization has been recommended by the Committee on Commerce and Marine of the Association; therefore, be it

RESOLVED, That the American Bankers Association, in convention assembled, approves the plan of the Commerce and Marine Committee, and the President of the Association is hereby authorized and empowered to request an adequate number of representative bankers and business men to meet and, if it appears advisable and practicable, to appoint from their number a committee to take steps, in accordance with this plan, to form a foreign trade financing organization with an authorized capital of \$100,000,000 and a responsible and thoroughly efficient personnel.

**T**HE most important action taken by the convention of the American Bankers Association in its meeting at Washington, October 18 to 22, was the unanimous indorsement of the proposal made by Mr. John McHugh for the organization of a large foreign trade and finance corporation to function under the new Edge Law. By giving its approval to this project, the American Bankers Association has gone a long way toward assuring the success of the organization by putting behind it the support of nearly 23,000 of the banks of the country.

Perhaps at the outset this proposal was regarded by many as a plan for helping in the economic reconstruction of Europe; and, while it may assist in that very desirable object, the situation with our export trade at present is such as to render the aiding of grain and cotton exports a matter of immediate concern. Indeed, there was some development of a sentiment at the Washington convention in favor of the immediate formation of a cotton and grain export corporation under the Edge Law, with a capital of \$12,000,000, and which would get under way more quickly than might be possible with the larger or-

ganization which Mr. McHugh's plan contemplates.

The necessity for this speedier action may or may not continue. It seems not improbable that the present grain and cotton situation may work itself out gradually without the adoption of this temporary financial expedient.

But however that may be, the fact remains that the corporation as proposed by Mr. McHugh, having a large capital, and enlisting the support of the banking, manufacturing and general productive and commercial interests of the entire country is the one favored unanimously by the convention of the American Bankers Association. Furthermore, it is the only proposal yet advanced that adequately meets the needs of the present situation and of conditions as they are likely to be for a number of years to come.

It is perhaps no exaggeration to say that in giving its support to this plan the American Bankers Association has done one of the most important pieces of work in its entire history.

### AN UNTOWARD INCIDENT

On the very first day the bankers met in Washington, the Comptroller of the



Oldest Bank Building in America

## Your Philadelphia Account

**W**ITH the growth of Philadelphia as a center of manufacturing and of domestic and foreign trade there has been a corresponding advance in the city's banking and financial importance. This makes it most desirable, and even necessary, that your bank should have proper banking connections at this center. For the handling of such accounts this bank is amply qualified. We have complete facilities for all branches of commercial banking and are in a position to give prompt attention to collections and all other banking business.

JOSEPH WAYNE, JR., President  
EVAN RANDOLPH, Vice-President      CHARLES M. ASHTON, Cashier  
A. W. PICKFORD, Vice-President      ALFRED BARRATT, Asst. Cashier  
DAVID J. MYERS, Asst. Cashier

# THE GIRARD NATIONAL BANK PHILADELPHIA

**Resources . . . . over \$100,000,000**

Currency came out in a statement in the newspapers denouncing certain banks in New York for the rate of interest exacted by them on call loans. This attack was strongly resented by the bankers as being intended to reflect upon them as a body, and to create hostility toward the banks on the part of the public. An appropriate reply to the Comptroller's attack was incorporated in the report of the committee on resolutions and was unanimously adopted.

#### THE EXCHANGE PROBLEM

To some of the bankers of the country—and to a good many of them, if one might judge by the number of those who appeared interested in the discussion of the matter—the question of exchange charges on remittances is still very much alive. At the meeting of the State Bank Section this subject was discussed at considerable length and an intense interest was manifested. Chas. de B. Claiborne, chairman of the National and State Bankers Protective Association, and vice-president of the Whitney-Central National Bank, New Orleans, led the discussion. He brought out one specially significant point, placing upon President Wilson the responsibility for the attitude of the Federal Reserve Board in this controversy. Mr. Claiborne said that Governor Harding of the Federal Reserve Board had expressed views favorable to those who hold that the banks are justified in charging exchange. When asked who had caused him to take action contrary to these views, he replied, according to Mr. Claiborne, "Woodrow Wilson."

Mr. Claiborne quoted from opinions of the Attorney-General to the effect that the provisions of the Federal Reserve Act were not applicable to state banks, except those which voluntarily entered the system. He cited a number of instances to show that the actions of those representing the Federal Reserve Board had been of a coercive character. He also brought out the point that the laws of some of the states expressly authorized the state banks in remitting to make a deduction of ex-

change charges, and claimed that in making the charge the banks were obeying the laws of the state from which their charter was derived.

O. Howard Wolfe, cashier of the Philadelphia National Bank, led the



*Copyright by Harris & Ewing*

On the left is John S. Drum, president Mercantile Trust Co., San Francisco, the newly elected president of the American Bankers Association. At the right is Richard S. Hawes, senior vice-president of the First National Bank in St. Louis, the retiring president.

discussion in opposition to the maintenance of the exchange charge.

At the close of the discussion resolutions were adopted favoring the appointment of a committee to endeavor to secure Federal legislation which would permit the banks to keep their exchange privilege.

Perhaps the feeling prevalent at this rather heated session may be summed up by a remark made by one of the speakers to the effect that if exchange charges are to be abolished, the reform should be brought about by evolution rather than by revolution—the methods

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Nous sommes en rapport avec les plus grandes maisons de MATIERES PREMIERES. Laines, Cuirs et Peaux, Cafés, Cacaos et Mineraux; MANUFACTURES: Fer et Acier, Quincaillerie, tissus de tous genres. Il serait à votre avantage de traiter avec Philadelphie, le second port des Etats Unis, par l'intermédiaire du CORN EXCHANGE NATIONAL BANK.

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Wir haben Geschäftsverbindungen mit bedeutendsten Kaufleuten in Rohstoffen, wie: Wollen, Fellen, Pelzen, Kaffee, Cacao, Erzen und Fabrikaten: Stahl und Eisen, Metallwaren, Geweben. Es würde sehr vorteilhaft für Sie sein, mit Philadelphia, dem zweitbedeutendsten Hafen der Vereinigten Staaten, in Verbindung zu treten durch Vermittlung der CORN EXCHANGE NATIONAL BANK.

For Commercial Banking  
 Here and Abroad

The  
 Corn Exchange National Bank  
 Philadelphia



adopted in enforcing the Federal Reserve Board's policy being regarded as unnecessarily severe.

VITALITY OF THE ASSOCIATION

Not only has the American Bankers Association reached the highest point in its membership, but the influence of the association and the wide scope of its activities were probably never so great as they now are. An important move in maintaining the vitality of the organization was the adoption at the Washington convention of several amendments to the constitution, the changes giving the organization and control of the association a more democratic character.

The importance which the American Bankers Association has now attained is illustrated not only by the size of its membership but by the broadly representative character of its activities. While naturally questions relating to the technical conduct of banking operations, and to the problems arising in the daily conduct of business, continue to occupy a prominent place on the programmes of the annual conventions, due attention is being paid to those larger matters which affect not only the banks but the general public welfare. In listening to the numerous discussions engaging the attention of the Washington convention one could not fail to note that the bankers of the country are keenly alive to the necessity of finding right solutions for the many vexing problems with which our people are now confronted. And in general the views expressed and the remedies proposed were such as to command respect for their soundness and breadth. It can not with justice be said that the bankers are setting up any interests of their own to be advanced at the expense of the public welfare. On the contrary, they seem to be thoroughly conversant with the fact that the interests of the bankers and of the producers and consumers of the country are all bound up together, and that any plans designed to benefit one must benefit all.



THOMAS B. McADAMS  
 First vice-president American Bankers Association  
 vice president Merchants National Bank of  
 Richmond

The American Bankers Association has thus grown to be one of the most important organizations of business men in the world, and its deliberations are therefore entitled to great respect.

ADMIRABLE ARRANGEMENTS OF THE PROGRAMME

Congratulations must be extended to President Hawes and the several committees coöperating with him for the admirable arrangement of the programme of the Washington convention. The reading of long and tedious reports, heretofore occupying so much time at the annual meetings, was omitted, and the routine reports were printed for the information of those interested. The papers presented were, as a rule, of exceptional merit, and the speakers men of notable reputation and achievements. Sessions of the general convention were held in the forenoon, leaving



## The Vortex of the World's Business

**MADISON SQUARE** is the pivotal point in the business of New York. To the north are fashion houses and department stores known internationally; to the south the cutting up trade of a nation; to the east the silk industry and publishing houses; to the west women's wear and other varied lines.

Madison Square is the vortex of business tides.

The *Garfield National Bank* is conveniently located at the very center of this great activity. It is a bank for the builders of business, offering a personal, painstaking service for both domestic and foreign transactions.

### **GARFIELD NATIONAL BANK**

*FIFTH AVENUE  
WHERE 23RD STREET  
CROSSES BROADWAY*

## Meeting the Needs of Correspondents

Long experience and close study of the needs of our correspondent banks and trust companies have developed a relationship and service broadly helpful. It has been our policy to place our facilities freely at the disposal of financial institutions, corporations and individuals. Close personal supervision by executive officers is a distinguishing feature of our service to correspondents.

*Inquiries invited*

## **UNITED STATES MORTGAGE & TRUST COMPANY**

**Capital and Surplus \$6,000,000**

**NEW YORK**



the afternoon and evenings for the meetings of the several sections, whose deliberations have become hardly less important than the general sessions of the convention.

#### THE ENTERTAINMENT FEATURES

Unstinted praise must be given the Washington bankers who united to make the entertainment features especially notable. The visitors were well taken care of in all respects. The National Capital has exceptional attractions in itself, and these were supplemented by ample special provisions for the entertainment of the banker guests, including golf contests, a ball, military drill, etc.

Following the convention many delegates took advantage of the invitation extended by the Fidelity and Deposit Company of Baltimore to make an inspection tour of Baltimore Harbor. This trip included a visit to the U. S. Naval Academy at Annapolis, and a luncheon on board the steamer. At Annapolis the visitors were welcomed by Hon. Albert C. Ritchie, Governor of Maryland.

Pleasant weather contributed much to the enjoyment of those who attended the Washington convention; and, taken all in all, it was a meeting long to be remembered.

While the selection of the place for holding next year's convention is left to the executive council, it is expected that Los Angeles will have the honor of entertaining the bankers in 1921.

#### GROWTH IN MEMBERSHIP

In former years the criticism was sometimes made that the American Bankers Association in its membership represented only a minority of the bankers of the country. That criticism is no longer true. At the close of August this year, the total membership was 22,687—a net increase of 2,473 in the past year. This represents the largest membership and the greatest annual gain ever recorded.



GUY E. BOWERMAN  
Secretary and executive manager American  
Bankers Association

#### STRONG FINANCIAL POSITION

For the last fiscal year the income of the American Bankers Association was \$436,448.10, and the expenditures \$414,215.79, leaving a balance of \$22,232.31. This handsome surplus contrasts favorably with the deficits which have for several years confronted incoming administrations.

#### PRESIDENT'S ANNUAL ADDRESS

After reviewing the work of the various departments, sections and committees, President Hawes delivered his annual address, which follows:

#### CONDITIONS

Throughout the year changes in our economic structure and system of prices, while marked, have been less violent and less extreme than those experienced by other nations. We are the only country of importance in which the gold standard has been successfully maintained. Better than any other country we have retained our pre-



# Empire Trust Company

MAIN OFFICE

120 Broadway, New York

FIFTH AVENUE OFFICE

580 Fifth Avenue, Corner 47th Street

LONDON OFFICE

41 Threadneedle Street, E. C.

This Company is the Fiscal Agent of the State of New York for the sale of Stock Transfer Tax Stamps

Capital and Surplus, \$4,000,000

# The Corn Exchange Bank

Organized 1853

NEW YORK CITY

The strength of the Corn Exchange Bank is shown by the fact that against an indebtedness to depositors of \$200,740,-182.19 it has assets amounting to \$216,211,395.50 leaving a surplus of \$15,471,213.31.

Forty-three branches conveniently located within the Metropolitan District give this Bank special facilities for handling New York City business.

The Trust Department is equipped to render the most progressive service as Trustee or Depositary under corporate mortgages, voting trusts, reorganizations, and protective proceedings; as Transfer Agent or Registrar, and in the care of individual property and estates.

**WILLIAM A. NASH**  
Chairman of the Board

**WALTER E. FREW**  
President

war banking and financial relations, have conserved the sound elements of our banking practice, and have kept ourselves prepared for future demands.

Prices continued high until within recent months when commodities of all kinds began to fall in price, the market was dull, transportation facilities interrupted, and the daily quotations were not the barometer of actual sales. Incidental to the reduction of demands, there developed a surplus of merchandise in some commodities, and the cancellation of orders in other lines, which caused the shutting down of factories, and increasing labor surplus.

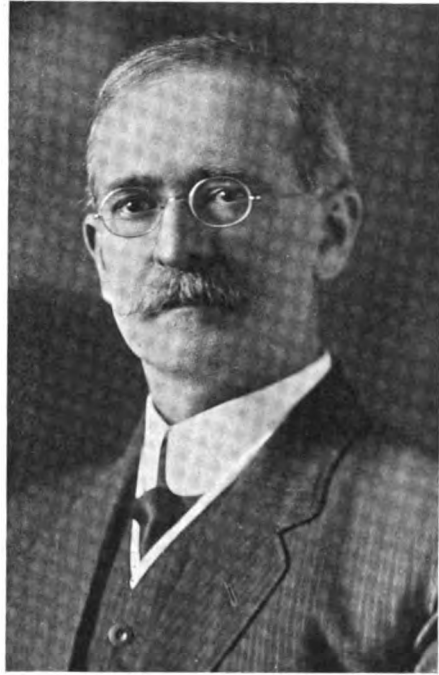
The marvelous possibilities of this country, the optimism of its people, and their belief in its future development, continues to be apparent in spite of these readjustment conditions. It seems probable that we are passing over the bridge into a broad avenue of future operations with a more firm foundation, and with a conservative business atmosphere prevailing.

#### ECONOMY AND PRODUCTION

While there is some disposition to complain about the reduced unit, or physical production of goods, yet there is good reason to believe that this is not as great as is commonly supposed, and certainly does not constitute one of our chief difficulties. Indeed careful analysis seems to show that the per capita production of goods has since 1914 somewhat increased. It reached a high level in 1916, and although there has been a decrease since that date it is yet somewhat above the 1914 level and shows indications of improving.

Our real difficulty has been on unbalanced production. The war demanded the diversion of productive forces into certain restricted channels and we have not yet been able to re-align these forces so that the supply and demand of goods are normally uniform. But the productive capacity of the United States is marvelous. This was amply demonstrated during the war, and it is safe to predict that the dire prophecies about the number of years required for production to catch up with the demand for certain products will not be fulfilled. Increased production is not nearly so much a cause for concern as is more economical consumption. The orgy of foolish, extravagant, and speculative consumption which has prevailed in the United States and is yet too largely evident, must cease if we are to obtain a permanently strong position in world trade.

A campaign to educate the people against worthless stocks, to safeguard and render useful every dollar of capital available, is a duty charged to the bankers. Closer relations must be encouraged with customers, and frank advice given against reckless speculation, but at the same time the customer should be given to understand that



HENRY H. MCKEE

President National Bank Section, president National Capital Bank of Washington, D. C.

the banker is not averse to his making proper and sound investment of his savings. The Liberty Bond holder has been a great field for the glib stock salesman. The people must be encouraged to retain them as the safest investment they can make. Millions yearly can be saved to legitimate and vitally necessary reconstruction work, through discouragement in the purchase of so-called wild cat investments. The menace was never more apparent; the need for dollars thus squandered never greater.

#### AGRICULTURE

In agriculture, one of the nation's basic industries, lies not only the hope of our more rapid recovery from the war-born economic conditions, but much of our future prosperity depends upon the state of the primary production represented in agriculture. The ultimate wealth of the world, the basis of all credit, originates with the soil, the mines, and the forests.

When we consider that seventy per cent. of the primary wealth, it is estimated, originates from the soil, we can realize the great importance of encouragement and development. Our great problem to-day is the ever-increasing demand of the non-food producing city dweller. It is estimated



# BROOKLYN TRUST COMPANY

RESOURCES \$50,000,000  
CAPITAL \$1,500,000 SURPLUS \$2,600,000

**Complete Banking and Trust Facilities**

177 MONTAGUE ST., BROOKLYN

*Beiford Branch*  
1205 Fulton St. at Bedford Ave.

*Manhattan Office*  
90 Broadway at Wall Street

## HATHAWAY, SMITH, FOLDS & Co.

### Commercial Paper

45 Wall Street, New York

Chicago	Minneapolis	St. Louis	Pittsburgh
Boston	Philadelphia	Cleveland	
Hartford	Scranton	Richmond	
San Francisco	Seattle	Portland	Denver

that the 1920 census will show that only about forty per cent. of the population are actually producers of foodstuff, and it has been stated that one-fifth of the nation's population live in thirty-three of its principal cities.

Considering that the crops of this country will reach the large sum of twenty-five billion dollars this year, and that agriculture is the basis or foundation of the nation, bankers and business men should know that less than thirty cents of every one hundred dollars spent by the government last year was expended for the development of agriculture.

Good roads are essential to the progress of rural communities, reducing the cost of marketing, and increasing the comforts available for the farm. Every effort should be given to the encouragement of the building of good roads in all sections of our country.

The Farm Loan Banks have rendered an unusual service, and their development, while gradual, has been steady, supplying a need for farm financing which has been apparent for many years.

It is the banker's duty as a citizen and financier to realize and encourage this source of our wealth; to lend counsel and assistance and to regard the farm in its true importance to our economic existence.

#### FOREIGN TRADE

The United States is showing an increasing interest in foreign trade, primarily because underlying our whole business situation and the question of future favorable development is the necessity that proper foreign markets be found for our products.

While our foreign commerce is secondary to our domestic, nevertheless we are increasingly dependent on foreign markets as an outlet for our growing production. It is therefore the duty of bankers to stimulate the sound development of our international commerce in every way that lies within their power. It must be remembered that the development of these foreign markets is also dependent upon extensive imports from other countries, both to stabilize our exchange, and to increase the purchasing power of our customers abroad, so that the financing of foreign trade is the first big requisite of a program of foreign trading.

We have passed beyond the consideration of our foreign problems in terms of refinancing Europe. It has become clearly a question of restoring a sound reciprocal trade with all nations of the earth which have requirements for our surplus products, and which can ultimately pay for their purchases with goods required or desired in this country.

Without hampering the requirements of our own industry and business, we must find a means of extending liberal credit without further inflating our own credit



JOHN G. LONSDALE

Vice-president National Bank Section, president  
National Bank of Commerce, St. Louis

structure, and this should be by interesting the investing public in securities properly protected. Our future foreign trade possibilities lie largely with the saving American.

Our merchant marine is a potent factor in expanding foreign trade, and remedial legislation is necessary to enable it to cope on equal terms with the shipping of other nations. The first step towards the successful establishment of our merchant marine is the encouragement of privately owned and operated vessels. The establishment of diplomatic and counselor service on a basis which will attract competent, ambitious young men into our foreign trade service as a permanent vocation is important. Accurate knowledge of foreign markets, foreign language, economic and social conditions prevailing among the people of other lands, is essential in those who represent us in an official life in foreign nations.

The Commerce and Marine Committee, in co-operation with special committees from the United States Chamber of Commerce, and the National Foreign Trades Council, has originated a plan for the organization of a foreign financing corporation to be owned by the bankers and business men of this country. It is important that this be given constructive consideration in our deliberations, as its success will be a decided

## ***Banking Service in New Jersey***

**A**LTHOUGH New Jersey is one of the smallest states in the United States, her products rank among the first ten in volume and value. These products are marketed in all parts of the nation, and from the country at large she draws a large amount of raw materials.

THE NATIONAL NEWARK AND ESSEX BANKING COMPANY has served the commerce and industry of New Jersey for 116 years. Its entirely modern organization, progressive methods, personal service, its century-long identification with the development of the state and its wide connections make this institution of exceptional value to bankers in other states transacting business with New Jersey business men.

### **NATIONAL NEWARK & ESSEX BANKING COMPANY**

**NEWARK, N. J.**

**New Jersey's Oldest and Largest Bank**

*Established 1804*

### **Municipal and Corporation Bonds**

We purchase outright entire issues of Municipal and Corporation Bonds that meet the approval of our Investigating Departments.

We offer and recommend these bonds for the investment of Institutions, Trustees and Individuals.

We invite correspondence from all who are interested in the purchase or sale of bonds of this character.

#### **E. H. ROLLINS & SONS**

**Boston New York Philadelphia**

**Chicago Denver**

**San Francisco Los Angeles**

**London**

### **The Blackstone Canal National Bank**

**Providence, R. I.**

**IN BUSINESS SINCE 1831**

**Capital**

**\$500,000**

**Surplus Profits, over**

**\$700,000**

We have unequalled facilities for collecting Bill of Lading Drafts, which are at the service of our Customers. Write us about this service.

**Resources over Four Million Dollars**

factor in solving the many problems of international trade and finance.

#### NATIONAL TRANSPORTATION

Although the transportation problem belongs to an activity not directly under the control of the bankers, it is nevertheless germane to banking, since the tension of credit to a large extent was brought about by the breaking down of the transportation system, hampering the turnover of commodities and retarding the liquidation of loans.

One of the most important pieces of legislation passed in the Sixty-sixth Congress was the Transportation Act of 1920, stabilizing railroad credit and securities issued. Beneficial effect will also be felt in the general credit structure of the country. Investors should be able to reasonably count on what return can be expected from the railroad securities which they own. Several months will be required for adjustment in the relation of rates to the required return because the Interstate Commerce Commission has tentatively valued railroad properties in groups as required by the act. It would have been impossible to increase railroad wages nor could the Commission have made a substantial increase in rates under the old method of operating.

Rate-making should be considered an automatic procedure insofar as it concerns the distribution of rates on commodities or on the different classifications of traffic. Up to the passage of the Transportation Act railroad executives hardly recognized the need of government regulation and continued to operate along the lines of opposing what has since become necessary regulation.

The passage of the Transportation Act has taken railroad securities out of the highly speculative class and stabilized conditions so that just returns on investment may be received and proper service rendered to the nation.

The establishment of the revolving fund of three hundred million dollars was provided to meet the present equipment emergency, and from that has been evolved the National Service Corporation which will enable the carriers to purchase equipment under a debenture plan that will make an attractive investment to the public.

The bankers of America should study the Transportation Act and its effect on securities and the general welfare. The financial institutions should co-operate with the Interstate Commerce Commission in its efforts to solve the problems of railroads. Naturally, more co-operation can be given when it is ascertained what effect the Transportation Act will have on railroad earnings operating under these mandatory features. An amendment to the present law should be encouraged so that bankers or other business men, regardless of their dealings with



WALDO NEWCOMER

Chairman executive council National Bank Section,  
president National Exchange Bank of Baltimore

railroads, can serve as directors but charging them with full responsibility in their duties.

The passage of the Transportation Act was a distinct financial victory. The arteries of commerce must be kept open and the facilities of transportation improved and encouraged. A vast sum of money is needed for our railroads, and only through co-operation of the financiers of this country, encouraging the investing public and guiding their judgment, can this be made available.

#### FEDERAL RESERVE SYSTEM

A review of the year just passed would be incomplete without comment on the Federal Reserve System and its activities. Regardless of whether we criticize details of operation, or agree in all rulings of the board, we must admit that the Federal Reserve System has proven its sound fundamental principles and rendered a service to the country for which all citizens should be grateful and bankers should realize and appreciate.

When we contrast the experience of the war period with its numerous shocks to credit of every kind with what we have known even in times of peace when commercial panic and industrial crises have

# The Bank That Links the East and West

**W**HEN The National Shawmut Bank opened in 1836, "the West" was a three months' journey from Boston. Today, the banker two thousand miles away, seeking assistance in financing grain, live stock or local packing plant, receives a reply at once.

The grain belt shipped 18,250,000 bushels to Boston in 1919. New England mills use over three-fifths of the total American wool production. Massachusetts shoe factories depend upon Western hides. The National Shawmut Bank co-operates by handling drafts, attending to insurance, warehousing, etc.



*Correspondence with Western Banks and mercantile houses is cordially invited.*

New England people are thrifty, industrious craftsmen, affording a natural market for the products of Western farms and ranches. The West in turn looks to New England for paper, textiles, footwear and machinery —industries closely identified with National Shawmut.

*Clients are supplied with information on credits and market opportunities*

**THE NATIONAL  
SHAWMUT BANK  
OF BOSTON**

***Resources far exceed \$200,000,000***



overturned banking and financial relationships, we recognize the immensity of the service which has been rendered by the present type of organization.

Ten billion dollars extended of credit to foreign nations, fifteen billion for domestic uses, or twenty-five billion in all, and yet to have kept substantially intact and stable the foundations of credit is an achievement of first rank.

Through the Federal Reserve banks every well conducted bank which is financing business and industry can count upon converting the paper growing out of such transactions either into liquid reserve credits or into circulating notes. Uniformity of rates of interest has been established throughout the country and a regularly organized discount market encouraged.

Steadily the process of pushing out war paper and substituting commercial paper is going on and shortly we may expect that the new circulation will be placed as intended, on live commercial paper or gold.

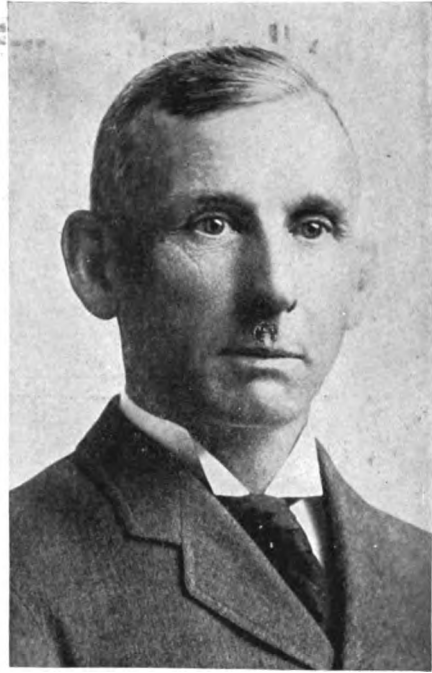
A question has been asked why the regulating functions of the Federal Reserve System were not brought into play immediately upon the signing of the Armistice, but it is obvious that our war effort did not end in the financial sense at the same time it was discontinued in the military.

After continuous warnings, the Federal Reserve Board in November, 1919, found it necessary to assume leadership in the control of credit. Through the co-operation of the Federal Advisory Council, the Federal Reserve Board, and the realization of the situation by the bankers of this country, slowly but surely the proper distribution of credit is being accomplished.

The Federal Reserve Board wisely left to the good sense of the local banks the determination of essential and non-essential loans, placing before them frankly the object sought, at the same time co-operating in an endeavor to supply to the fullest extent needs of actual and legitimate business.

A decided victory has been won in this country by the checking of inflation. It is not well to bring about deflation hastily or with lack of system. Orderly deflation, gradual reduction of obligations, substitution of commercial paper for war paper, are important and desirable methods, but must be carefully planned and gradually put into effect with the minimum of hardship upon the community.

Considering the past year as a whole, the Federal Reserve System has, in its accomplishments and results, measured up to the vision of its framers. The bankers have given loyal support and must continue to do so regardless of individual opinions as to rulings and actions of various Federal Reserve banks or the Federal Reserve Board because in the final analysis the broad vision of service rendered, and the fundamental



E. C. McDUGAL  
President State Bank Section, president Marine  
Trust Company of Buffalo

principles involved, are greater than any detail.

#### TAXES AND GOVERNMENT ECONOMY

Many suggestions have been made for a revision of our present Federal taxes. The war demanded an unusual increase in public revenue, and as is always the case at a time of great need of public funds, less attention than ordinarily was given to the sources from which the revenue was to be secured. The result has been inequality and inequity among classes of tax-payers, increased cost of commodities, and a decrease of available funds for industrial development.

There is a natural tendency to select those sources of revenue which will least unfavorably affect political organization. No tax itself should interfere with the accumulation of wealth, or the development of the industrial life of the nation. Any tax system which discourages savings, which discounts accumulation of capital, is to be deplored, for all capital is used and enjoyed primarily by society at large, and not particularly by the one in whose legal title its ownership rests.

An economically sound basis of taxation should be given immediate consideration, and to this end it is hoped that "The Economic



*After gathering in a plentiful harvest to tide them over the next long winter, the Pilgrims dedicated to Providence a day of public Thanksgiving.*

**T**HE birthplace of most modern commercial enterprises, after three hundred years of competition, New England still merits her title, "the workshop of the nation". Maine, for instance, ranks high among the states in the production of fine writing papers; Connecticut, highest in the manufacture of clocks, firearms, silverware, fine tools. Massachusetts produces shoes for more than half the people in the country; Vermont yields 70% of all the monumental and decorative marble. Rhode Island is fifth in the manufacture of cotton goods while New Hampshire is famed for its granite quarries and textiles.

Today, no one section combines, as does New England, the natural resources of water power and raw materials with the advantages of a skilled labor market, transportation and terminal facilities, proximity to seaboard ports. These are factors making for a greater New England—for future prosperity.

Merchants and manufacturers, wishing to capitalize these New Eng-

land advantages will find in the Old Colony Trust Company a banking institution equipped to render every financial service. We shall be glad to mail you our booklet "*Your Financial Requirements and How We Can Meet Them*", outlining our many facilities. Address Department D.

Plan to join in the Tercentenary Celebrations of the First Pilgrim Landing to be held in New England during the coming year.

## OLD COLONY TRUST COMPANY BOSTON



Commission" of our association will direct its attention, and at some future date that a commission composed of members from such industrial organizations as the United States Chamber of Commerce, the Manufacturers' Association, the National Credit Men's Association and others, together with the American Bankers' Association, will combine into one committee to co-operate with Congress in its consideration of the tax question. In considering the tax question, the enormous growth of federal, state, and local expenditures should be the subject of thorough inquiry, and demand made that economies be practiced and efficiency prevail.

Our Federal Government has become, to all intents, the largest business enterprise in the United States. Under our political system with its frequent changes in the personnel of public officers, only carefully systematized organization can prevent the most wasteful public expenditures. The need, therefore, is not simply a revision of taxes, but also a most careful supervision of the expenditures of the proceeds of these taxes. No system of government has ever been devised which can take the place and prove more efficient than the system of a wide field of private initiative and competition in carrying on the industrial life of the nation. A slogan recently coined is appealing: "More business in Government and less Government in business."

Our Government, like all other governments, was compelled to do a large amount of credit financing during the war. One of the by-products is a floating debt, and a great variety in the kinds of government bonds. It would seem, on the basis of past experience, a future prudence to refund these obligations at the proper time, so that there may be greater unity in our government obligations.

#### INDUSTRIAL UNREST

The war has left many by-products, but none more disturbing to the public mind than that of industrial unrest. This condition is the culminating result of changing industrial and political conditions which have been in progress for many years, and the war has simply accelerated these forces and brought some of the problems to a more acute state.

We witness vast and numerous experiments in the world with new industrial and social organizations. Many fear that we in this country are to have similar changes in our industrial society. But in our country there is doubtless unnecessary alarm in this respect. This is yet a land of opportunity with wide distribution of private property. Our Constitution provides easy and adequate means for its change and there is no excuse for violence, nor need we fear the fullest liberty of speech and press.

The enormous increase in the cost of living



R. S. HECHT

First vice-president State Bank Section, president Hibernia Bank & Trust Company of New Orleans

has greatly aggravated the industrial unrest, but with a prospective decrease in prices, and increase in disposition on the part of industrial and labor leaders to recognize their mutual obligations and duties, both to each other and the public, we may reasonably look forward, without alarm, to better adjustment of the forces of labor and capital.

Labor by fomenting strikes, encouraging disagreement with employers is, in fact, striking at the heart of its own future progress, and impairing the prosperity of the country. Capital should recognize the results of the toilers, and improve working conditions and wages in ratio to the production and investment. Every man should be free to work out his own salvation and not be bound by the shackles of organizations, to his detriment.

Three factors are concerned in all these misunderstandings: labor leaders, industrial leaders, and the more often disregarded public. The latter's interests usually suffer most because of the rules under which the contest is held. The welfare of the general public is most important. In the settlement of disputes, consideration should be given to the effect upon the public, and full responsibility placed.

# Fourth- Atlantic

THE



# National Bank

OF BOSTON

Capital and surplus . . . \$5,400,000  
Total resources . . . 42,000,000

A commercial bank giving the fullest service for financing both domestic and foreign trade. Its Foreign Department is fully equipped to buy and sell exchange and issue documentary credits in United States and foreign currencies available in all parts of the world.

Accounts of banks, corporations and merchants are solicited.

Herbert K. Hallett..... President	William N. Homer.. Vice-Pres. & Cashier
Arthur W. Haines..... Vice-President	Russell B. Spear..... Vice-President
Charles W. Varey..... Vice-President	Edgar F. Hanscom..... Assistant Cashier
Nathan N. Denison..... Assistant Cashier	Gustave A. Bloyle..... Assistant Cashier
Samuel R. Ruggles..... Assistant Cashier	Myron F. Lord..... Assistant Cashier

# Beacon Trust Company

TWO OFFICES

20 MILK STREET      3 SO. MARKET STREET  
BOSTON, MASS.

Capital - - - \$600,000.00  
Surplus and Profits - \$1,600,000.00  
Deposits - - - \$19,000,000.00

	Capital	Surplus and Profits	Deposits
January 1, 1905	\$400,000.00	\$164,710.00	\$1,795,987.33
January 1, 1908	400,000.00	347,800.00	3,579,671.07
January 1, 1911	600,000.00	498,600.00	9,093,040.59
January 1, 1914	600,000.00	791,110.30	10,958,625.10
January 1, 1917	600,000.00	1,056,522.94	14,166,794.09
October 1, 1920	600,000.00	1,654,784.67	19,428,882.89

CHARLES B. JOFF, President	
C. L. BILLMAN, Vice-Pres. and Treas.	F. B. LAWLER, Vice-President
ROBERT G. SHAW, Jr., Asst. Treasurer	ALFRED S. NELSON, Asst. Treasurer
GEORGE H. POOR, Secretary	LEVERETT A. HASKELL, Asst. Treasurer

## SAVINGS DEPARTMENT

DEPOSITORY FOR REORGANIZATION PURPOSES

Member Federal Reserve System

CITIZENSHIP

The spirit of broad-minded citizenship, in maintaining the soundness of their own individual banking position, employing credit primarily to stimulate those business operations which have to do with production and distribution, is acceptable as a truism of the duty of the American banker. The American banker is in a position to discourage false moves—to accelerate proper action. Surveying the whole field of business, he is in a position to know what tendencies are helpful and what are dangerous.

Business decisions and industrial programs must be worked out with broad public spirit, as well as careful judgment. The welfare of each industry is closely woven into the fabric as a whole, and all must co-operate for the common good.

As the guardian of credit, the basis of modern commerce, the banker must exercise his highest judgment in determining the use to which credits may be put. Assistance to all legitimate business should be given, and proper emphasis placed on production and distribution of those things necessary to the nation's progress, discouraging at the same time dissipation of the nation's financial resources into channels which are essential.

It should be the aim of the bankers of the country to provide constructive leadership in the financial sphere, which will contribute, in a material and helpful way, to the correction of economic and social unrest, and protect legitimate American investors. To accomplish these things, a banker must fearlessly take his position as a citizen of his country, asserting his views in no uncertain language on those matters which are pertinent to the welfare of the people as a whole, demanding at all times that the representatives of the people shall be free and untrammled, exercising judicial judgment in the administration and enactment of laws, with a sense of responsibility to the country as a whole, and serving no preferential interest of any character. Timidity has been the vice of bankers in public affairs. Bravery, initiative, and forceful action are demanded, and as leaders of their community their influence for good is large, but care should be taken in assuming leadership that it is based on unselfish desire to render service



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JOHN W. PLATTEN

President of the United States Mortgage and Trust Company of New York, ex-president of the Trust Company section of the American Bankers Association, and an active member of the executive committee of that division.

of a character which will command attention because of its broad visions, its equity, and fairness.

CURRENCY COMMISSION REJECTS  
"STABILIZED" DOLLAR

The Currency Commission of the American Bankers Association submitted a report on Professor Irving Fisher's plan for "Stabilizing" the dollar, condemning it in the following positive manner:

The Currency Commission has given very careful study to Dr. Fisher's proposal. We have examined the literature bearing upon the subject pro and con. It is our conclusion that Professor Fisher's plan, though interesting and ably worked out, is wholly impractical and would involve grave dangers to the stability of our financial and monetary system. It would lead to foreign drains on our gold in any period of crisis, since the plan calls for lightening the gold behind the dollar when prices fall, and foreigners, foreseeing this, would draw down their balances in this country and sell "dollars" short, before the Government could make the change. The plan would also make difficult, if not

EDMUND D. HULBERT

President Merchants Loan & Trust Company of Chicago was elected president of the Trust Company Section

A portrait of Mr. Hulbert appears on page 728 of this issue

# Providence National Bank

ESTABLISHED 1791

Providence, R. I.

— *Third Oldest Bank in America* —

**Local and Out of Town Accounts Handled**  
**Correspondence Solicited**

#### OFFICERS

WILLIAM GAMMELL..... President  
WILLIAM GAMMELL, JR., Vice-Pres.  
EARL G. BATTY..... Cashier  
FRANK L. SAWYER, Assistant Cashier

#### DIRECTORS

WILLIAM GAMMELL  
JOHN ORMSBEE AMES  
WILLIAM GAMMELL, JR.  
HARRY PARSONS CROSS  
JOHN B. LEWIS  
PAUL C. DEWOLF  
RICHARD S. ALDRICH  
EARL G. BATTY

**Capital, \$500,000**

**Surplus, \$500,000**

**Undivided Profits over \$600,000**

impossible, the maintenance of gold redemption in periods of rapidly rising prices. If adopted at the present time it would perpetuate all the suffering which recipients of fixed incomes have experienced as a result of the rapidly rising prices of the war. It would be wholly out of the question for the United States alone to adopt it, as Professor Fisher proposes, and almost no other great country is in a position to meet gold obligations on demand. Had the plan been in operation at the outbreak of the great war in 1914, it would have broken down, as Professor Fisher now admits. It could not, therefore, have prevented the war time rise in prices, and consequently most of the claims which Professor Fisher has made for it must be abandoned. The great economic evils of the war have grown out of wasteful consumption and destruction, demoralization and interruptions of transportation, and the withdrawal of many millions of men from production, the whole combining to create great scarcities of goods. No change in the monetary system could have prevented this evil. The plan could not, therefore, have been a remedy for social distress and discontent.

Professor Fisher's plan involves the modification of contracts calling for payment in "gold coin of the United States of the present weight and fineness," by substituting the "stabilized dollar" for the dollar of fixed

weight and fineness. Your commission is not in sympathy with this feature of the plan.

Our judgment is, therefore, definitely adverse to Professor Fisher's plan.

Our judgment is further very definitely adverse to the proposal that the American Bankers Association should memorialize Congress to appoint a commission to investigate this matter and to determine whether a law embodying the plan should be adopted by Congress. We believe it is unwise to agitate changes in the gold standard at the present time. Proposals looking toward the creation of new currency systems divorced from the gold standard are being made in many places. Many of them are of an extremely wild and dangerous character. Professor Fisher's plan, to be sure, retains the element of redemption of gold, even though in a varying amount of gold. But there are many proposals which involve the abandonment of gold altogether and the creation of *fat* money pure and simple. It is our view that the banking profession should set itself firmly against agitation of any schemes of this sort. The next ten years will see a prolonged contest between the defenders of sound money and the advocates of unsound plans, especially in Europe, and it is our view that the banking profession of the United States should concern itself with the maintenance in the United States and

restoration in Europe of the old-fashioned gold standard, rather than with any effort to introduce refinements and novelties.

REPORT OF COMMITTEE ON RESOLUTIONS

*Mr. President and Members of the American Bankers Association:*

Fully realizing that a special duty devolves at this time on the bankers of this country to aid as best they may in meeting conditions and solving problems with a view to the welfare of the nation, the American Bankers Association, its convention assembled, makes these declarations and recommendations:

FEDERAL RESERVE SYSTEM

We desire to express our approval of the operation of the Federal Reserve System through the periods of inflation and ensuing great strain and to commend the efforts of



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MRS. WILLIAM LAIMBEER

An assistant secretary of the United States Mortgage and Trust Company, was the only woman accorded a place on the Trust Company section program. She spoke on "The Women's Department in a Trust Company."

its officers to conserve the credit resources of the country and direct them to the most advantageous use. A proper restraint upon speculation in credits and commodities has been effective in protecting banking credit

and maintaining sound financial conditions. We believe that every possible pressure should be brought to bear by the banks to liquidate Government obligations which they are carrying in order that there may be a



FRANK J. PARSONS

Vice-president of the United States Mortgage and Trust Company, and the acting director of the New York Community Trust Committee. Mr. Parsons delivered an address on "Community Funds and Their Development" before the Trust Company section.

proportionate release of credit for commercial uses. We are confident that the Federal Reserve System has demonstrated its ability to meet any possible financial pressure.

Neither commercial banks nor Federal Reserve Banks can create or manufacture credit. Credit is the product or result of productive enterprise and operations in trade, commerce, transportation and distribution and is limited and defined by the nature and extent of such operations.

It is the function of banks to vitalize such credit as is created by productive processes and by trade and commerce and make it of use to the community. The first and highest duty of bankers is to put such credit in usable form and distribute and apportion it for the use and good of the community. In discharging this duty, bankers must use their best judgment and always give heed to the condition of the reserve.

If there is a disposition on the part of the business world to produce a greater volume of business than the condition of the bank reserves permits, there must be a slowing up of business until the reserve

# Notes and Drafts ———

# ———— Notes and Drafts

*Send Your New England Collections to*

**Dorchester Trust Company**  
**Boston, Mass.**

**Absolutely Direct Service to Every Point in N. E.**

**No Exchange Charges**

condition is improved. The relation between the volume of business and the condition of the reserve must be maintained. Necessary adjustments must be made with precision if safety and stability are to be achieved.

It is because of a firm belief in these principles that the American Bankers Association looks with disapproval on all suggestions, plans and efforts to interfere with the operation of economic forces. It disapproves all suggestions, plans and efforts

to utilize the resources of the Federal Reserve banks or the Government arbitrarily to hold up or force down prices which may be falling or rising in response to the operation of the law of supply and demand. It disapproves of all plans or efforts to use the resources of the Federal Reserve Banks or the Government to exert any influence whatever through the utilization of such reserves except for the prevention of general disaster or for public safety.

We would impress upon the borrowing public the simple economic fact that money as a commodity during a period of great price inflation has increased but little in its cost to the consumer. While commodity prices generally have covered a range of increase from 115 per cent. to 350 per cent., money costs have increased on the average less than twenty-five per cent. In the face of a large increase in the cost of rendering banking service, the increase in interest rates to the borrower, it can be safely said has been less than any other elements of cost entering into production or distribution. We believe that the bankers of the country as a class are to be congratulated upon the sincere efforts they have made, both to meet the unusual demands upon them for credit and to hold at the lowest possible point the cost of such credit to the user.

Reiterated emphasis is to be placed on the absolute necessity of bringing home to the individual that only by the practice of thrift is his future assured. It is not enough to check extravagance, desirable as that end is. Reckless and ill-considered spending must be replaced by wise and profitable saving if prosperous conditions for the individual and the nation are to prevail, and it is only by individual savings in amounts large or small that national thrift is encouraged to the benefit of everyone.

#### TAXATION PROBLEMS

The present tax situation requires immediate revision at competent hands. The excess profits tax does not square with the principle of equity of taxation as among taxpayers, and it causes important uncer-



W. A. SADD

President S. v. n. s. Bank section, president Chattahoochee Savings Bank





A. A. CRANE

President Clearing House Section, vice-president  
First National Bank, Minneapolis, Minn.



JOHN R. WASHBURN

Vice-president Clearing House Section, vice-president  
Continental & Commercial National  
Bank, Chicago

tainties for any one taxpayer. The revenues from it are necessarily fluctuating, thus introducing into the Federal fiscal system grave elements of uncertainty, and governmental experience with this tax proves conclusively that it cannot be successfully administered. This tax should be repealed forthwith, a more just and certain tax taking its place. The surtax system also operates in a way militating against the country's economic welfare, and likewise should be given immediate attention. Congress must not delay in these important matters, and should summon to its councils the representatives of finance, industry and commerce in order that a more equitable and workable system be devised without delay. The Association's Economic Commission will perform an important function in giving early consideration to this highly important matter. Undoubtedly, a most useful purpose would be served by the formation of a joint tax commission composed of representatives of such organizations as the United States Chamber of Commerce, the National Association of Manufacturers, the National Association of Credit Men, and others with representatives of the American Bankers Association.

#### TRANSPORTATION

Legislation now on the statute books has been enacted with the object not only of replacing the transportation facilities of the country in the hands of their owners on an equitable basis, but also of establishing the credit of the carriers so that they may be enabled to render the fullest possible public service. In effect, national guarantees have been given in this matter. By intelligent and broad-visioned administration of the Esch-Cummins law, with all practicable cooperation on the part of the carriers themselves in working out a new era of transportation usefulness, the interests of the country as a whole should be materially advanced. In this it is essential both that recognized investments be conserved and that the way be kept open so that necessary funds may be available for equipment and extension of railway facilities. We urgently request the Interstate Commerce Commission and the railroad officials of the country to continue to render the utmost assistance toward providing efficient and regular transportation of products to market. It is our firm opinion that the present law should be altered so that bankers and business men, regardless of their dealings with railroads can serve on rail-



Twelve artists, working in relays, spent six days and nights to complete the oil and water-color painting of the enlarged A. B. A. cheque which featured the travelers cheque exhibit of the American Bankers Association during the recent convention in Washington. This cheque, more than six times the size of an ordinary cheque, appeared on a canvas five feet wide by four feet high, serving as an impressive background to the very interesting exhibit. Hundreds of visitors admired it during the course of the convention, and one banker, standing before the painting, was heard to remark:

"It looks as though you could peel it off and get it cashed."

The painting of this cheque makes an interesting story. Artists were set to work on the canvas in the Ethridge Studios in New York a week before the convention. For six days they worked in relays for 16 hours a day, and there was no time between early morning and midnight when two or more artists were not busy before the canvas.

Another feature of the A. B. A. cheque exhibit was the showing of the new electric A. B. A. signs which picturize the simplicity of cashing the travelers' cheque. Hundreds of these signs are to be placed throughout the country to familiarize persons not accustomed to using travelers' cheques with them. Several representatives of the Bankers Trust Company, fiscal agents for the A. B. A. cheque, were in attendance at the Washington exhibit and explained to visiting bankers all phases of the work of the Company's travelers' cheque department and the services it renders to those handling the association cheque.

road directorates being charged with full responsibility in connection with their duties in that capacity.

#### UNWARRANTED CRITICISM OF BANKS

In this hour when the element of confidence is so vital in stabilizing and sustaining banking and business conditions, we deplore utterances which without warrant of fact, challenge the integrity of America's bankers as a whole and call into question their motives and practices in the conduct of their business. Criticism based on harmful generalizing is most unjust and misleading. The inevitable effect of such broad and unfounded statements is to create false inferences in the mind of the public. We protest against such reflections as not only

unfair, but in the present emergency most untimely, as calculated to create an unfounded hostility in the relations between bankers and the public, and in extreme instances to breed violence of action and dangerous disturbances of the public mind. If such misleading inferences should be made for personal profit or gratification, they cannot be too severely denounced as outrages against the public interest. The delicacy of the credit structure of the country cannot safely stand such violent handling, and intemperate and unfounded attacks most seriously threaten its security.

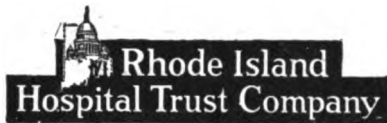
#### LABOR, CAPITAL AND BRAINS

With especial emphasis we would call the attention of labor to the essential unity of the

## A Twofold Service

When you have a banking or trust business to transact in New England, we should be glad to have you enlist the co-operation of this, the oldest trust company in New England.

If you desire business information concerning this district or any of the many important industries located here, we are in a position to render you valuable service.



15 Westminster Street, Providence, R. I.

three great elements entering into the industrial structure, labor, capital, and brains. A fair balancing of interests between these factors in production of wealth must be maintained to insure their common prosperity. Failure to preserve this balance may easily wreck industry and we call upon each factor involved to recognize this basic truth. Only through the increased production of wealth can there be a larger distribution of wealth and we call upon labor to abandon the economic fallacy that it can attain greater prosperity through reduction of output. The tremendous costs to the country suffer through unwarranted strikes. Limited production and unsound shop practices are suffered by labor and capital alike and seriously hamper the prosperity and progress of the whole country.

#### DEPARTMENT OF AGRICULTURE

We heartily congratulate the Department of Agriculture upon the conscientious loyalty and persistence with which it has promoted more efficient agricultural production and fair marketing processes and surrounded consumption of the products of the soil with proper safeguards, and upon its success in these predominantly important matters. We particularly endorse the research, extension and regulatory activities of the various bureaus and recommend to

all bankers their sincere and vigorous co-operation with the Department. The value of the scientific experimentation work of the Department calls for increasing recognition.

The varied functions of the Department of Agriculture, so inadequately provided for at the last session of Congress, are of such supreme importance to the people of this Nation as to require appropriations for increased salaries and additional equipment sufficient to maintain and increase their efficiency and insure their continuity.

This association is mindful of the intelligently constructive work of the respective state agricultural colleges and the extension departments, and recommends that these institutions be given active and sincere assistance by bankers wherever possible.

This association calls to the careful attention of agriculturists as well as bankers and the people of this country generally the important bearing upon foreign marketing of agricultural products, particularly those unadapted to domestic use, of any well considered plan devised to open foreign markets by providing requisite long term credits and recommends that any suitable assistance and cooperation be given to the execution of any such plan in so far as it contributes to ultimately solving the problem of profitable marketing of farm and other products generally.

# Worcester Bank & Trust Co.

WORCESTER, MASS.

Member of Federal Reserve System

WILLIAM D. LUEY, Chairman of the Board

JOHN E. WHITE, President

HENRY P. MURRAY, Vice-President  
SAMUEL D. SPURR, Vice-President  
CHARLES A. BARTON, Vice-President  
BERTICE F. SAWYER, Vice-President  
WARREN S. SHEPARD, Vice-Pres.  
S. H. CLARY, Vice-Pres. & Trust Officer

ALVIN J. DANIELS, Treasurer  
FREDERICK M. HEDDEN, Secretary  
HARRY H. SIBLEY, Asst. Treasurer  
CHARLES F. HUNT, Asst. Treasurer  
BURT W. GREENWOOD, Asst. Treasurer  
FREDERICK A. MINOR, Auditor

Commercial Department, Assets over	-	\$31,000,000
Trust Department, Assets over	-	6,000,000
Capital	-	1,250,000
Surplus and Undivided Profits over	-	850,000

*Largest Commercial Bank in Massachusetts  
Outside of Boston*



## Park Trust Company

Worcester, Mass.

Assets October 15, 1920, - - - \$9,000,000

RALPH H. MANN, President

THOMAS J. BARRETT, Vice-President

J. LEWIS ELLSWORTH, Vice-President and Treasurer

FREDERICK J. BYE } Asst. Treasurers  
JOHN J. FLYNN }

JOHN F. J. HERBERT, Actuary

Service and growth are closely related in any successful institution, for growth unfailingly follows willing and efficient service. We have verified the foregoing statement in this bank.

With respect to agriculture as a basic industry, we invoke the courage, wisdom and patience of the bankers of this country, each in his respective locality and according to his respective ability toward accomplishment of the following:

A sincere and cooperative interest in the difficulties and possibilities of farmers and stockmen. A thorough knowledge of marketing processes. Utilization of every possible credit resource this year to assist toward intelligent marketing of products. Particularly a continuous but not excessive marketing of products for which a demand exists and where transportation is available, and a creation of credits as is wise upon unmarketable grains and feedstuffs, plus live stock, for the purchase and feeding of live stock for market and the preservation of breeding herds.

This association vigorously condemns any program in any industry, including agriculture, tending toward speculative hoarding, or artificial and temporary disturbance of the law of supply and demand, which law should be given full play in order to stabilize the markets.

#### DEVELOPMENT OF FOREIGN TRADE

We would impress upon the bankers of the country the great importance of the maintenance and development of foreign trade as an outlet for the surplus production of the country and we would seek the cooperation of the business community and the Government in every properly directed effort to open and maintain the world's markets for American products. Greater attention on the part of the Government to the development of our consular and commercial services is urged as an important factor in the development of foreign business. Adequate appropriations should be made for all necessary governmental service in collecting trade information abroad, and it would be wise to consider what practical steps may be taken through united effort on the part of national financial and commercial organizations to develop a plan for recommendation to Congress, for the selection and training of our diplomatic force.

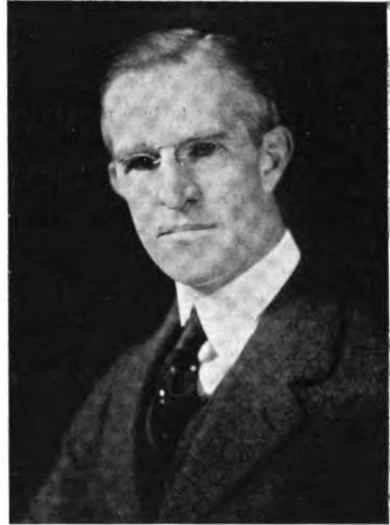
#### THE BUDGET SYSTEM

The American Bankers Association again emphasizes the necessity of an intelligently devised budget system for the business-like administration of government finances. Not to have such a system is a remarkable circumstance, for the lack of it is a lack of most excellent example.

#### PROPOSED NATIONALIZING OF INDUSTRY

We would brand as a proven economic, political, and social fallacy, the widespread agitation for the so-called nationalizing of industry, and express our complete disap-

proval of such socialistic theories as they have been concretely expressed in the proposed Plumb plan for nationalizing the railroads. We assert the supreme importance to the maintenance of American progress, the American idea of individual freedom and initiative in business and the private ownership of property. We disapprove any steps looking toward the further participation of the Government in business activities and regard as demonstrated beyond possible question the inefficiency and wastefulness of



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HENRY L. SERVOSS

Vice-president United States Mortgage and Trust Company

public ownership or management in any form of business enterprise. We would regard with apprehension and disfavor any further extension of governmental activities into the banking field, and while we approve of the postal savings system as a means of service to a large number of people not otherwise in touch with banking accommodations, we believe that any extension of this system through increased interest rates or otherwise, which would place it in competition with privately owned banks, would be a mistake and in the long run opposed to public interests.

#### CONTROL OF IMMIGRATION

A possible menace to the social order is seen in the rapid influx of immigration at the present time, and while we are in fullest sympathy with immigration properly regulated which will help meet any possible

# COMMERCIAL CREDIT COMPANY, Baltimore

Cash Capital \$3,000,000 Surplus \$900,000

**OFFICERS:** A. E. DUNCAN, Chairman of the Board  
WM. H. GRIMES, President E. C. WAREHEIM, Vice-President  
R. WALTER GRAHAM, Vice-President J. J. MACK, Secretary  
S. G. ROSSON, Vice-President J. J. PFAFF, Treasurer

## DIRECTORS

A. E. DUNCAN, Chairman of the Board, Baltimore  
R. WALTER GRAHAM, Member Meyer, Pitts & Co., Baltimore  
JAS. C. FENHAGEN, Member Robert Garrett & Sons, Bankers, Baltimore  
THOS. H. GAITHER, Real Estate and Investments, Baltimore  
S. H. LAUCHHEIMER, Attorney, Baltimore  
GEO. WERMS WILLIAMS, Member Marbury, Gosnell & Williams, Baltimore  
WM. H. GRIMES, President, Baltimore  
S. G. ROSSON, Vice-President, Baltimore  
JOHN H. O'DONOVAN, Member Merchants Coffee Co., Baltimore  
DAVID R. FORGAN, President National City Bank, Chicago  
CHARLES W. FOLDS, Member Hathaway, Smith, Folds & Co., Chicago

Note: Does not include pending increase of about \$700,000 in the above capital and surplus, when the following gentlemen will be added to this Board:

Louis K. Liggett, President United Drug Company, Boston  
W. Cameron Forbes, Member J. M. Forbes & Company, Boston  
F. Lothrop Ames, Capitalist, Director Old Colony Trust Company, Boston  
Charles B. Wiggin, Member Bond & Goodwin, New York

## *Affiliated with*

# COMMERCIAL ACCEPTANCE TRUST, Chicago

Cash Capital and Surplus \$1,350,000

**OFFICERS:** A. E. DUNCAN, Chairman of the Board  
S. S. STRATTAN, President CHARLES W. FOLDS, Vice-President  
DAVID R. FORGAN, Vice-President J. F. BOYCE, Secretary and Treasurer

## TRUSTEES

DAVID R. FORGAN, President National City Bank, Chicago  
CHARLES W. FOLDS, Member Hathaway, Smith, Folds & Co., Chicago  
C. T. JAFFRAY, President First National Bank, Minneapolis  
JOHN D. LARKIN, President Larkin Co., Buffalo  
S. S. STRATTAN, President, formerly President Agricultural Credit Co., Chicago  
A. E. DUNCAN, Chairman of the Board, Commercial Credit Co., Baltimore  
WM. H. GRIMES, President Commercial Credit Co., Baltimore  
R. WALTER GRAHAM, Member Meyer, Pitts & Co., Baltimore  
JAMES C. FENHAGEN, Member Robert Garrett & Sons, Baltimore

## *Affiliated with*

# COMMERCIAL CREDIT COMPANY, Inc., New Orleans

Cash Capital \$750,000

**OFFICERS:** A. E. DUNCAN, Chairman of the Board  
JAMES J. A. FORTIER, President H. B. MATHEWS, Vice-President  
J. H. KEPPEL, Vice-President E. L. CHESNEY, Secretary  
H. G. BOYLE, Treasurer

## DIRECTORS

J. H. KEPPEL, Cashier Hibernia Bank & Trust Company, New Orleans  
J. A. BANDI, Vice-President Marine Bank & Trust Company, New Orleans  
W. P. SIMPSON, President The C. T. Patterson Company, Ltd., New Orleans  
ERNEST M. LOEB, President The Hauptman & Loeb Co., Ltd., New Orleans  
H. G. DUFOUR, Member Farrar, Goldberg & Dufour, Attorneys, New Orleans  
A. E. DUNCAN, Chairman of the Board, Commercial Credit Company, Baltimore  
S. G. ROSSON, Vice-President Commercial Credit Company, Baltimore  
JAMES J. A. FORTIER, President, formerly President The Continental Investment Company, Inc., New Orleans  
H. B. MATHEWS, Vice-President, formerly Assistant Treasurer Commercial Credit Company, Baltimore

labor shortage and aid in the development of the resources of the country, we believe that every possible caution should be exercised at the present time to assure the character of this immigration and its future value in the economic and political growth of the country.

The marked trend of population toward the great cities, with its ensuing congestion, can only be deprecated. It is regrettable from every point of view, and while we realize it can probably only be remedied by economic pressure, we would favor any means which would aid in a better distribu-

only to privation, but also to deportations and massacres exercises a powerful appeal on the sympathies. This occasion is taken to endorse the Near East Relief and organization incorporated and delegated by Congress to carry on Red Cross work in that section of the world.

CONSTRUCTION OF NATIONAL HIGHWAYS

The association favors the present arrangement of cooperation between the Federal and State Governments in the construction of national highways as the best sys-



Delegates boarding steamer at Baltimore for Fidelity-Deposit trip to Annapolis

tion of population through either public or private agencies.

THE HOUSING SITUATION

Relief of the housing situation is a matter urgently requiring attention in the interest of economy and right living. Bankers assuredly can be counted upon to give all possible assistance in solving this pressing problem, but cooperation is necessary, especially, it would seem, from employers of labor who benefit directly from increased efficiency of employees properly housed.

RELIEF FOR WAR SUFFERERS

The American Bankers Association has consistently stood for all possible relief wisely administered, to peoples suffering from the effects of the war. Because of this attitude it has cooperated in making possible the food draft system, and in many other ways its members have helped in relieving world distress. The present desperate situation in the Near East, due not

tem available, considers that a five-year building program for the national highways will prove most satisfactory, adequate appropriations being made. We favor such Federal assistance as is possible toward the continued reclamation of irrigable arid lands.

A. I. B.

The American Institute of Banking is the largest educational activity of the American Bankers Association and the reports of the great work which the Institute is doing are gratifying to a marked degree. The Institute deserves the support and cooperation of all banks and bank officials, which we cordially recommend.

COMMITTEE ON PUBLIC RELATIONS

We note with interest the activities and report of the Committee on Public Relations of this Association, and also of similar committees, dealing with this important subject in several sections. We believe that the bankers of the country should make

# SERVICE

## FITTED TO THE TIMES

While deeply respecting the banking traditions of the past, we are in full sympathy with the needs of today.

# The Omaha National Bank

OMAHA, NEB.

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Capital - - -	\$1,000,000.00
Surplus - - -	1,000,000.00
Resources, Over	30,000,000.00





Ladies of the American Bankers Association, lawn party at Chevy Chase Club

every effort to cultivate friendly public relations based upon an understanding of common interests. Through every legitimate channel of publicity your committee believes bankers should see that the services they render are understood and that the same is the case with reference to the problems they face. The nation's "economic illiterates" seek instruction, and as the leaders in focal centers of business thought, the bankers of the country have an educational responsibility which should be discharged in every practical manner.

#### A HOPEFUL OUTLOOK

We regard most of the pressing business problems of the day as the inevitable aftermath of war and to be treated as passing phases of a period of reconstruction through which we must pass patiently in the full assurance that it is but temporary although necessary. The billions of wealth lost in the waste of war and the millions of lives detached from productive effect have created gaps in the world's capital which only time can fill. To the processes of rehabilitation and adjustment, the bankers of the country in common with all other classes must address themselves with sanity and patience, in the full assurance that the commanding position now held by this country in the world's affairs will bring its full reward as the problem is worked out. As the richest nation in the world, facing the harvesting of bumper crops on a sound financial basis, and operating under a democratic form of government now the oldest in the civilized world, with almost unlimited resources and opportunities awaiting our improvement, this country faces a future of assured prosperity which can only be threatened by internal strife or lack of leadership and intelligent cooperation. In the United States as "the heir of all the ages" lies the hope of the world. Duty and opportunity alike call us to its realization. A fidelity to the ancient standards of sanity, honesty, and experience which refuses to be misled by Utopian dreams or economic will o' the wisp can withstand all the dangers of world reaction and maintain the order upon which alone a sound future can be built. In the face of alluring temptations to indulge in a general looseness of thought, speech, and action, we would add our offering of the arithmetic table, the copy book and the ten commandments as still the best guides to human conduct.

#### PRESIDENT HAWES COMMENDED

The American Bankers Association, in convention assembled, hereby expresses its deep and lasting appreciation of the remarkably able services tirelessly rendered by its President, Richard S. Hawes, during the

Your Correspondents —  
— Our Branches



Capital and  
Reserves  
\$38,000,000

Total  
Resources  
\$590,000,000

**W**E invite you to add to your list of correspondent Banks the names of our more important Branches in Canada, the West Indies, Central and South America.

By directing Letters of Credit to our Branches we feel confident that your interests and those of your clients will be well and efficiently served.

Our chain of over 700 Branches is placed at your disposal for other classes of business, and we shall be pleased to quote terms for collections, drawings, etc.

*A copy of our complete list of Branches will be mailed to you upon request.*

# THE ROYAL BANK OF CANADA

Head Office  
Montreal

New York  
68 William Street

past year. His administration, based on the idea of effective team-work, has been characterized by initiative and vigor, by sound judgment and broad vision, with the result of a notable increase in the Association's influence and usefulness. During his administration the Association has achieved a new record not alone in membership but in constructive accomplishment, and this occasion is taken to give public expression of the enduring value to this organization of his successful endeavors.

**SECRETARY BOWERMAN**

The association notes with special gratification the administrative ability and grasp of large matters shown by G. E. Bowerman, who became general secretary at the beginning of the year and now, under the new constitution, is the association's executive manager, and bespeaks for him the heartiest cooperation in his work for this organization.

**THANKS TO WASHINGTON BANKERS**

At the conclusion of its Forty-sixth Annual Convention the American Bankers Association desires to place on record its recognition not only of the gracious hospitality of its hosts, the District of Columbia Bankers Association, but, as well, of the highly efficient handling in every way of the convention arrangements. The welcome extended and emphasized to the thousands of bankers from all over the country will in itself make this gathering a lasting delightful memory. The plans of entertainment so carefully made and fully carried out have rendered the social functions of the convention notable, and similar attention has marked every detail of thoughtfulness on the part of the local bankers in connection with the convention's business. To the various local committees and their many able co-workers on such a large and effective scale, the association extends its heartiest thanks and sincere appreciation.



**T**HE atrocious crime of being a young man, which the honorable gentleman has with such spirit and decency charged upon me, I shall neither attempt to palliate nor deny; but content myself with wishing that I may be one of those whose follies may cease with their growth, and not of that number who are ignorant in spite of experience.

—Pitt's Reply to Walpole, March 6, 1741

## Just Summerin'

A bank's a different sort of place, as I will try to prove, I've been around in banks a bit and know just what they do. But the way in which they do is different in each case,—just like every one is human with a different sort of face. Some banks are staid and frigid, and the marble walls are cold, and they remind you of the dungeons you read about of old. You shiver when you enter, and you feel all out of tune; you get rid of your money and are glad to get out soon. You can't just give a reason why you feel the bank at fault, but you tell yourself in horror, "It's a tombstone sort of vault."

Now let's look around OUR bank a bit and see then if we fail. Do the faces look like lukewarm grumps, and are they deathly pale? Or does everyone look happy and smile to beat the band, while health glows from each feature from beneath a ruddy tan?

Right! There is a human atmosphere that permeates the place, and that's contagious to each patron, for it soon lights up his face. The bank itself feels cozy and it makes their hearts beat warm, and they feel the joy of livin' where happy people swarm.

The teller counts out money and it has a happy clink; the fast, efficient service is enough to make you blink. Our patrons often wonder, "How do they get that way? Why every lastin' one of them seems less at work than play."

And it's because we're happy—which is natural with us—we do our best with all our hearts and very seldom fuss.

And when the week is over—that is, five days and a half—we leave for another stock of smiles—our cottage at the Pass.

So let's keep on a-smiling, and when our patrons come, they'll know that there's one place on earth where work seems most like fun.—*The Hibernia Rabbit.*

# Banking and Financial Notes

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION

**T**HE will to handle your Cleveland business promptly and efficiently, and the facilities for this service—these the Union Commerce National Bank places at your command.

Active and inactive accounts of banks and bankers, corporations, firms and individuals invited.

This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

**UNION COMMERCE**  
*National Bank*  
OF CLEVELAND





*The Commercial Statesmanship  
of DE WITT CLINTON*

ON November 4, 1825, when Governor DeWitt Clinton poured into New York Harbor a keful of the waters of Lake Erie, brought on the first barge to go through the newly opened Erie Canal, he saw accomplished a project destined to be of highest importance in the development of the country. For the success of the Erie Canal, both Clinton and Chancellor Livingston had fought with unwaning zeal and energy. That Clinton was a director of the Bank of the Manhattan Company and Livingston, one of the founders is only another instance of the notable part which those identified with the Bank have played in commercial and industrial progress. And today, a man seeking banking facilities, will appreciate the huge resources and sane, constructive thought which the Bank can put behind projects for development in commerce and industry.

**BANK of the  
MANHATTAN COMPANY**

ESTABLISHED 1799

40 WALL STREET

Capital \$5,000,000. Surplus and Undivided Profits \$16,146,494.20

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# Review of the Month

## The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

**A**LL doubt that the boom period is definitely at an end and that we have finally reached the period of reaction and readjustment seems now to have disappeared. Public opinion which at first was inclined to doubt the permanence of price reductions has now reached the conclusion that the country is to have a lower price level although probably not so low as before the war. This opinion is held by the National City Bank of New York, which says in its November letter:

The expectations indulged in during the summer that the state of depression which was affecting certain of the industries would disappear with the opening of the fall season have not been realized; on the contrary, business is generally receding and there is no longer room for doubt that the country has passed the crest of the post-war boom, and begun the process of readjustment upon a lower level of values. Prices have been declining rather than recovering since the first of September, the movement has been spreading to lines not affected before, the industries have been slowing down and unemployment is reaching proportions which will affect consumption.

The Guaranty Trust Company, of New York, notes the same condition and says:

The lowering of prices continues steadily in the wholesale markets and reductions in the retail markets are beginning to reflect the movement begun several weeks ago. The buying which was expected to develop as a result of the recessions has not yet disclosed itself, and jobbers and merchants have become so cautious as to bring about curtailment on the part of manufacturers. Many mills are on part time and others are reducing their working forces. The frequency with which offers are made to accept reductions in wages is indicative of the progress which deflation is making.

The Mechanics and Metals National Bank, of New York, attributes the price decline to a "consumers' strike":

One of the leading causes of the price decline has undoubtedly been the inability of consumers to continue paying the high prices, combined with their feeling that prices were unreasonably high even when they could afford to pay. In view of this, it seems at first glance remarkable that the drastic fall in prices has not stimulated buying. In manufacturing and merchandising lines demand is more hesitant than before. There is only hand-to-mouth purchasing. This is easier to explain from a purely psychologic standpoint than on objective economic grounds. In the belief that prices have still further to fall, a large number of consumers are holding off in all but their most immediate needs. Dealers take only as much as they must to keep going, as they do not want to have stocks on their hands that may shrink in value.

It has been noted that in many cases the retailer has failed to adjust prices in line with wholesale quotations. This condition is explained by W. J. Wollman & Co., of New York, in a trade letter, which says:

Although announcements of retail reductions make their appearance daily in advertisements it is impossible to dodge the fact that prices are still much above the pre-war level and even considerably above the levels current in 1918. Whether justly or not there has been a general disposition on the part of all other classes in business to blame the retailer for his failure to pass on to the public the lower prices justified by replacement costs, and get merchandise moving.

On the other hand the retailer insists that he has bought his goods at much higher prices than prevailing wholesale quotations and that he cannot afford to take the loss suggested. Keen students of the business situation predict that there will be no general movement to cut retail prices until the first of the year, as merchants will try to dispose of as much of their stocks as possible during the rush of the holiday trade.

It is believed that this is a mistaken policy. It is urged that the ultimate consumer is thoroughly aroused over the price issue, and while the Christmas trade may result in the usual purchase of toys and

luxuries for gifts, there will be a general inclination to await a further decline before buying staple merchandise. Consequently it is probable that the merchant who anticipates this situation and cuts prices first will be the one to take the smallest loss.

On this subject Charles S. Calwell, president of the Corn Exchange National Bank, of Philadelphia, recently stated:

Confidence will return only when there is confidence in the future of prices. After the armistice business took its cue from the retail demand. The flow of business to-day is dammed up by the action of many retailers wishing to dispose of high-priced goods plus the usual profits when wholesale markets are on a much lower basis.

Business will resume its normal course when the retail purchaser feels that he is getting the benefit of the reduction in wholesale lines.

The supplies of manufactured goods do not appear to be abnormal. The banking situation is easier.

The readjustment process will be hastened by accepting the fact that prices all along the line must be on a lower level and by adjusting one's business accordingly.

That price reductions are not peculiar to the United States is shown by the following table of wholesale indexes published in the *Federal Reserve Bulletin*:

	Aug. 1919	May 1920	June 1920	July 1920
Sweden .....	321	361	366	364
Japan .....	251	272	248	239
Italy .....	368	659	614	...
India .....	204	210	206	209
France .....	347	550	493	492
Canada .....	223	263	258	256
United Kingdom	250	305	300	299
Australia .....	182	225	233	...
United States ...	226	272	268	262

An interesting comparison between present conditions and those which prevailed in 1893 and 1873, is made in the monthly letter of the Alexander Hamilton Institute, which states:

There was no general revival of prosperity for five years after the panic of 1873 and four years after the panic of 1893. In those periods, however, the United

States was financially the weakest country on earth while England, France and Germany were in strong condition. Note the contrast of 1920.

Shortly after the panic of 1893 the country lost a large proportion of its gold supply owing to the "free silver" agitation. In the panic of 1873, the New York banks possessed only \$10 to \$20 million in gold.

The present financial strength of the United States looms big in contrast with 1893 and 1873. Our banks possess over \$2 billions in gold and there are several hundred millions more in circulation. We have our feet on the ground financially and will be spared the difficult problem of reducing prices and wages from a paper money basis to a gold standard of payment which now confronts the European countries. Perhaps the financial weakness in Europe will cause them to appeal to us for assistance from year to year and to that extent we must participate in their troubles. But the very contrast with the outlook in Europe makes our own position appear comfortable. We have complete control of our money market, whereas in former crises world control of credit centered in London and Paris with America helpless to escape panic when there was a crisis in Europe.

One important contrast with the former panics is that they were followed by wholesale bankruptcy and defaults by the railroads. During the past five years, however, there has been no excessive borrowing and no overbuilding by the railroads. On the contrary, their securities are now much sought after by investors and a good deal of postponed railroad building should begin as soon as steel prices and wages decline moderately. In this connection, however, it is worth noting that steel prices are still more than double the 1913 level and that long term railroad bonds are 20 to 25 per cent. under par.

#### CREDIT CONDITIONS

There has been a tendency recently on the part of some business men to criticize the banks for not being more liberal in the extension of credit, the supposition being that the banker by some mysterious process can manufacture credit in unlimited quantities. The research and statistical department of the First National Bank in St. Louis, discusses certain aspects of this subject in the following interesting manner:



# The Chemical National Bank

## of New York

FOUNDED 1824

Capital . . . . . \$ 4,500,000  
 Surplus and Profits . . . . . 15,000,000  
 Total Resources over . . . . . 200,000,000

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Notwithstanding the intimate contact which the business man often has with credit, its true nature and the relation of the bank to it, seem not to be understood. True credit is simply the transfer of purchasing power from one person to another, based upon a pledge by the second person that he has, or will have, actual or prospective control over goods which, in turn, will liquidate the debt. The basis of all credit must, in final analysis, be goods of actual value. Confidence is an essential element only insofar as it is super-imposed upon this basic principle of actual or potential control over things of value—commodities or services—which can be bought and sold in the market. The bank is simply a dealer in commercial credit in that it exchanges its credit, which takes the form of general purchasing power, for that of an individual, which is distinctly limited. The bank must largely accept the conditions of business and credit as it finds them. Credit is essentially in the nature of a commodity, having its supply and demand, and being governed by the fundamental laws, determining the value and price of other commodities.

The bank has only the depositor's funds

with which to do business. It can no more make credit than it can make money. If the demand for credit and capital is large with respect to the supply, then the elementary law of supply and demand operates, and consequently the price of the commodity increases. High money rates, or tight money, which is a short and inaccurate expression in common use to describe the condition wherein the supply of capital is small in proportion to the demand, is a result of conditions almost wholly without the control of the banker. Money or credit has its price, like any other commodity—that is, an increased demand for capital in the face of a relative decrease of the supply, causes high interest rates.

Along some similar lines the November letter of the National Association of Credit Men states:

Confidence strengthens with knowledge of economic laws, and we should emphasize more strongly the need of men knowing the elements of credit, that they may better guide their enterprises and direct their lives in conformity with the laws of credit.

Thus we save ourselves from disappointment and distress.

The distinction between credit expansion and credit inflation, for instance, must be understood. The distinction between commercial credit and capital must be appreciated. It must be recognized that the country does not possess a definite store of credit at any time. For instance, a great injury was done recently when we mopped up our liquid credit, treating it as if it were capital, thus producing a stringency which has been felt in the handling of legitimate business requirements.

We cannot brush this subject aside on the ground that it is something for the credit department alone to know, nor can we dismiss it because it is technical. We must understand it, if we are to save ourselves from chaos in business and from positions fraught with hesitation and fear.

A program of credit conservation is recommended by the First and Hamilton National Bank of Fort Wayne, Indiana, which states:

This country, for quite a time yet, will have to conserve its credit resources and restrict borrowings to essential requirements. This is because we are entering a period of normally active money rates when the end of the year payments have to be provided for and heavy corporation financing is in order. The volume of rediscounts of commercial loans at the Federal Reserve banks lately touched a new high record, while the total of Federal Reserve notes has also reached an unprecedented figure. Notwithstanding this heavy expansion, however, the credit situation is improving and the banks are extending necessary facilities to commercial borrowers and those engaged in productive undertakings. This has been an extraordinary money market year with total engagements above all previous records and foreign pressure upon the American markets greater than ever before.

*Printers' Ink*, New York, thinks that banks could help to relieve the credit situation by showing merchants better business methods and states in a recent editorial:

Never before has the question of credit been of greater importance. While most bankers believe that the peak of the crisis is past, money is apt to remain tight for some time. One of the most hopeful signs is that the public seems to have made up

its mind that the dangerous inflation had gone far enough, and that business must keep within lines of existing credit.

The public probably helped avert a panic. Are the bankers doing their share in the circumstances? The merchant who knows what it costs to do business, who keeps good books and is careful, is often penalized by the banker in favor of his less efficient neighbor merchant, usually a heavier borrower at the bank. Many a small merchant loses money on half his products because he doesn't know how much it costs him to do business, and he uses up the credit some other man should have.

The banks owe all of us a merchandising service to the local merchant, and an advertising campaign to tell the merchant about it. The General Electric Company will help even a dealer who does not carry its line, so to rearrange his store that goods will sell easier and turnover be quicker. The Victor Talking Machine Co. has a crew of men who spend their time showing the retailer how to be a better merchant. These two are but isolated examples of a policy on the big manufacturer's part to help the retailer in his own particular selling problems.

This policy is fast becoming general. Why don't the banks profit by the example? An advertising and merchandising council would be a big talking point for any bank. More than that, it would help in solving more quickly a problem which is still acute and which is holding back the coming wave of national prosperity. Helping a merchant do business in a way that will make him deserving of credit is within the province of every local bank.

The bank which takes up the idea could easily start a movement which would prove of national importance.

#### RAILWAY CONDITIONS

Henry Clews & Co. sees cause for optimism in the railway situation and states in a recent review:

Further announcement of railway earnings has confirmed the opinion, based on early reports, that the new schedule of rates established by the Interstate Commerce Commission was likely to prove adequate to the requirements, and that in the case of the well managed lines at least it would be sufficient to take care of the charges regularly to be met by the companies. For this reason, in spite of the difficult conditions on the stock market,

## **Dependability in Banking Service**

Dependability in banking service has always been the one recognized important factor that is demanded by the depositor of a bank in handling his funds and business problems of a financial nature.

In making your banking connection it should be done with the greatest care, and with consideration of the record and standing of the institution which invites your business, as well as the service it is able to render you.

With a record of thirty-seven years of practical banking, with resources of more than seventy million dollars,—we offer you a banking service that is broad and comprehensive in its scope and especially adapted to meet your every particular financial requirement.

## **The Seaboard National Bank**

**of the City of New York**

**Capital, Surplus and Profits over Five Millions**

railroad shares have in many cases shown a continued ability to maintain themselves. Notable examples are accorded by Southern Pacific and Reading and one or two other lines in which new financing plans have furnished a basis of confidence in future value. The proposed Southern Pacific distribution has naturally called attention to other stocks which, voluntarily or involuntarily, are on the eve of making distributions, and has also created many rumors, some of which no doubt are without foundation, that stockholders of other companies may have something in store for them. Better conditions also exist in public utilities in those cases where a reasonable basis of earning has been allowed to be established. In others, as in the case of the Brooklyn Rapid Transit system, whose operating results were made public recently, deficits are clearly due to an unfairly low schedule of charges, but there is manifest throughout the country a decided change in the attitude of the public on this question of rates, while the falling prices of materials and equipment should shortly assist very materially in bringing about more economical conditions of operation.

Improvement in the transportation situation was noted by the Federal Reserve Board in its review of business conditions throughout the country during October. This improvement, the review shows, was particularly marked in connection with the coal mining, lumber and steel industries.

### **TAXATION**

The evils of tax exemption are indicated as follows in a recent bulletin of the Farm Mortgage Bankers Association of America:

Until the present time great industries and commercial enterprises like mining, railroading and agriculture have been financed by large investors. The Federal income tax now in force takes 73 per cent. of the income of the largest investors and from 25 to 50 per cent. of the income of the investors of moderate wealth. This graduated income tax law was enacted on the theory that the heavier taxes should be paid by those most able to pay. Unfortunately, wealthy investors may

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$950,000

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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

evade paying income taxes by using the loop hole which our laws provide in the form of tax exemption of a vast volume of securities. Instead of loaning money to promote the industries and commercial enterprises of the country, these wealthy investors reduce the amount of capital available for business by salting down their funds for long periods in tax-exempt securities.

The rates of interest are, therefore, forced upwards by both increased demand and decrease of available supply.

The highest statistical authorities estimate that over fourteen billion dollars of securities issued for public purposes are exempt from Federal income tax in addition to bonds of the National Government, most of the latter being only partially exempt.

Railroads and large industrial enterprises and public utilities are now paying 7 per cent., 8 per cent. and sometimes 9 per cent. interest, because wealthy investors will not buy their securities which must necessarily be sold in small lots to small investors at a greater expense for marketing. Small investors cannot afford to buy low-rate tax-exempt securities and large investors always impair the public revenue by taking advantage of tax-exemption privileges, thus increasing the tax burden on those who are less able to pay.

R. G. Elliott, of Chicago, chairman of the committee on Federal Taxation of the National Association of Credit Men, stated in a recent address before the Ohio Bankers Association, that the Excess Profits Tax must go. Mr. Elliott said:

The Excess Profits Tax must go. Corporate shareholders must pay taxes just the same as partners and individuals now pay them.

Income taxes should reach all the income of the country once and once only; therefore, the National Association of Credit Men has recommended that the corporation earnings which are not paid out in dividends (thus becoming subject to individual income taxes) should be taxed at rates corresponding to the rates of tax paid by an individual or partner on the earnings of his business which are saved and remain in the business.

These corporate earnings once having paid their tax should not be taxed a second time if later distributed.

These provisions should be coupled with a provision that corporate shareholders could elect to pay taxes individually on all the earnings just as partners do, for in this manner, full and complete equity would be accomplished.

The graduation of the rate of tax on the saved income of the corporation could with much equity be based on the percent of the total current net income for the year which is left free from tax in the hands of the individual shareholders, thus avoiding the complications of determining invested capital which has caused so much trouble, expense and inequity under the present law.

These provisions would guarantee substantial equity for all and absolute equity for the larger portion of the earnings of industry.

## LIBERTY BONDS

The urgent selling of Liberty Bonds has ceased, according to the bulletin of the National Newark and Essex Banking Company, of Newark, N. J., which states in its November issue:

Smaller transactions in Liberty Bonds indicate that urgent selling has, to a large degree, passed. The volume of monthly sales of Liberty Bonds declined from the

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Their reports are at all times trustworthy and reflect the utmost of modern efficiency in financial and commercial accountancy.

Telephone—Vanderbilt 1908

December record of \$504,100,000 to approximately \$135,000,000 for August. August sales were the smallest, with the exception of one month, since the armistice was signed.

It is believed in banking circles that the decline in sales indicates that the big selling by corporations, which was a striking feature early in the year, has about run its course, for the time being at least. The Liberty Bonds now coming on the market represent, for the most part, selling by small holders.

There is some difference of opinion as to whether Liberty Bond prices have touched bottom. Many shrewd observers think they have. Other judges say that, in view of the strain that the fall crop demands may put on the money market, there may be some further declines in prices. However, it would appear that there is little prospect of any material slump in prices of these bonds, according to many bankers.

#### BUILDING CONDITIONS

Weary & Alford Company, bank architects of Chicago, had the following to say about prospects in the

building trade, in a recent statement issued in Chicago:

In 1917 this company predicted that when peace was declared there would be a temporary drop in prices, but that they would then soar higher than ever, all of which came to pass.

The advances since October, 1919, have been about 45 per cent. and the peak was apparently reached in the spring of 1920, since which time there has been some recession.

We now believe that in view of the stabilizing effect of the recent elections, costs will run along on an even keel until such time as the present vicious taxation system is corrected and excess profit taxes are eliminated, at which time there will be a very marked drop, but that the well-established law of supply and demand will then create a rising market. This is logical because it is estimated that five billions of construction work is in sight, and we ourselves are in correspondence with some 200 banks who have outgrown themselves and must build.

Consequently we are advising our clients to order their drawings now and thus be

prepared to take advantage of the best market that presents.

#### SAVINGS DEPOSITS

The average deposit per inhabitant for the eighteen savings bank states is shown in the following table published in the bulletin of the Savings Bank Association of the State of New York:

State	Average Deposit per Inhabitant
California .....	\$20.41
Connecticut .....	301.02
Delaware .....	80.42
Indiana .....	4.21
Maine .....	134.72
Maryland .....	85.21
Massachusetts .....	308.59
Minnesota .....	23.23
New Hampshire .....	29.64
New Jersey .....	51.17
New York .....	230.96
Ohio .....	11.77
Pennsylvania .....	33.02
Rhode Island .....	187.29
Vermont .....	154.77
Washington .....	9.07
West Virginia .....	.06
Wisconsin .....	1.68
Average .....	\$92.62

#### THE FARM MARKET

What will be the effect of declining prices of agricultural products on the purchasing power of the agricultural sections? This question is answered in the November letter of the National Bank of the Republic of Chicago, which states:

The marking down of farm products in general has given rise to somewhat pessimistic predictions as to the probable purchasing power of the agricultural sections of the country during the coming year. On the basis of current prices it would appear that the average shrinkage in the money value of the principal farm crops has been about 25 per cent. Naturally such a result after a growing season during which farming costs had risen to their highest point is not conducive to optimism. This conclusion, however, is tempered by the knowledge of a concurrent decline in the commodities and goods which the farmer buys. Due to the more rapid fall in the value of farm products, as compared with

the general run of commodities, and because of the inevitable lag in retail prices, his loss is still an actual one. But as the readjustment proceeds the loss becomes relative and may be eradicated entirely. Pending that readjustment, however, it is probable that trade in the affected localities will experience more or less depression, particularly if such trade pertains to goods in the category of luxuries. There is little doubt that this situation was one of the most potent factors in bringing about the curtailment in the automobile industry, which curtailment was in turn reflected in practically every major industry in the country.

#### BANK CLEARINGS

September bank clearings are analyzed as follows in the November letter of the American National Bank of Richmond, Va.:

Bank Clearings for the principal cities during September totaled 36 billion dollars compared with 34 billion dollars the previous month and less than 36 billion dollars in September a year ago, a gain of 1 per cent. Clearings exclusive of New York City were over 17 billion dollars compared with more than 16 billion dollars the previous month and 16 billion dollars in September of last year, the gain being 9 per cent. Clearings for the first nine months of this year were 339 billion dollars compared with 294 billion dollars for the same month of last year, the increase being 15 per cent. over a year ago and 37 per cent. over two years ago. Exclusive of New York City nine months clearings were 157 billion dollars compared with 129 billion dollars for the same months last year, the increase being 22 per cent.

#### TREASURY ASSISTANCE

The National City Bank, of Chicago, has the following to say about the recent applications made at Washington for Federal assistance in maintaining prices:

Were the Federal Reserve Board to grant the numerous applications for special assistance to those interested in maintaining abnormally high prices for produce and staples, the country would soon find itself in a sorry plight. Although the problem of the producers of wheat, corn, cotton, wool and certain other commodities is very serious, as Secretary Meredith, of the De-

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partment of Agriculture, has pointed out, the probable \$2,500,000,000 loss which he estimates that the farmers of the country will be forced to take through the price shrinkage of their products, as compared with one year ago, is actually far less than the losses probably sustained by manufacturers, wholesalers, merchants, and other business men through the drastic cuts in merchandise prices. This is one of the inevitable reactions of the war and the serious financial complications that have resulted from the labored attempts to provide for the huge reconstruction outlays. But far-reaching as this readjustment is, the American people would be forced to take a much greater financial loss were they to attempt to deceive themselves into thinking that war prices could be maintained in peace times and that the country could be made to prosper under those conditions.

#### MORTGAGE LOANS BY MUTUAL SAVINGS BANKS

Eighty per cent. of the mortgage propositions put up to savings banks

are unsound, according to one savings banker, who states in a bulletin of the Savings Bank Association of the State of New York:

"Out of twenty-five applications for mortgage loans only five are fit for investment," says one savings banker, in pointing out the evils of the present mortgage situation. Furthermore, according to this authority, generally three out of the five granted are made only after the amount requested as a loan has been reduced. Only two are accepted at the full amount requested by the borrower.

This commentary on the experience of one institution is typical of practically all savings banks. Borrowers seem to be under the impression that the present high prices and inflated values warrant them in applying for exceptionally high loans on their properties. This tendency is of course only one phase of the inflation of values prevalent during the past five years. Undoubtedly this abnormal condition has reached its limit and the trend will rather be downward than upward.



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banished 70 to 80% of the noise in a banking institution. The efficiency of the personnel is thus noticeably improved due to ability to concentrate better. The health is also improved, and the mental perceptions are quicker and surer.

It is hard to estimate just what this means in terms of dollars and cents. That this increased efficiency adds to the prestige of a bank is obvious, and that this is in turn reflected in a constantly enlarging clientele is equally obvious.

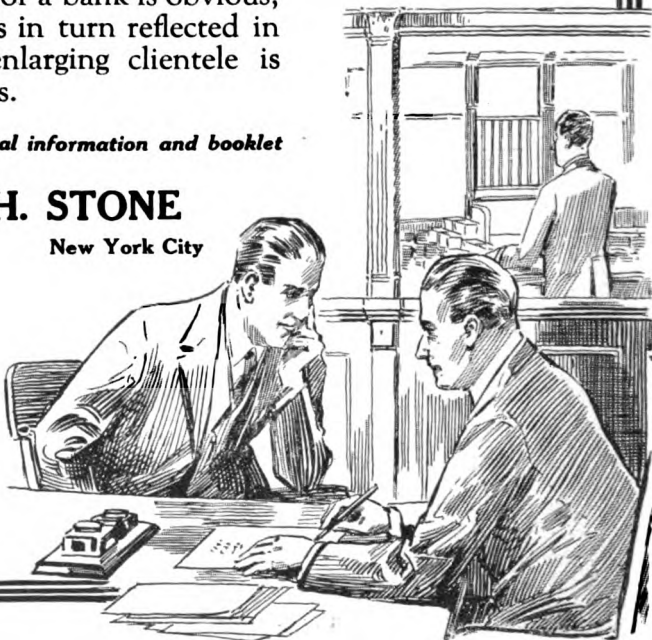
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Philadelphia





# Eastern States

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and the District of Columbia

## EDWARD F. SWENSON

Edward F. Swenson, formerly of Lee, Higginson & Co., has been appointed an associate manager of the bond department of the Equitable Trust Company of New York.

Mr. Swenson will be in charge of the metropolitan retail sales organization which has grown to such proportions in the past several years that a special department is deemed advisable to facilitate the company's service to its steadily increasing individual clientele.

## STATE BANK OF RICHMOND COUNTY

The State Bank of Richmond County, with a capital and surplus of \$200,000, has opened for business in Port Richmond, Staten Island, New York. Andrew Haganman is president, Joseph W. Place and Frank Fogglin are vice-presidents, and Paul T. Wood, formerly of the Mechanics Trust Company of Bayonne, is cashier.

## BOWERY SAVINGS ABSORBS UNIVERSAL

The Bowery Savings Bank has acquired by merger the Universal Savings Bank, now located at 149 Broadway, and will establish and operate it as a branch office on the easterly portion of the old Grand Union Hotel site, Forty-second street and Park avenue, New York.

The name Universal Savings Bank will be dropped at once, and the present quarters at 149 Broadway will be retained until about February 1, 1921, when it is expected that temporary quarters will be ready in East Forty-second street.

Organized in 1907, the Universal Savings Bank has at present about 10,000 depositors. All the employees will be retained, and the Bowery Savings Bank will acquire all the assets, assume all the liabilities and carry out all the contracts made by the Universal Savings Bank. The headquarters of the Bowery Savings Bank, however, will continue to be at 128-130 Bowery, near Grand street, where it has been located

since its was founded, eighty-six years ago.

As a result of this transaction the Bowery Savings Bank is the first savings bank in New York State to acquire, by merger, another savings bank under the provisions of the banking law, which permits also the operation of a branch office by a savings bank which absorbs by merger another savings bank.

The new branch bank will be almost directly opposite the Grand Central Terminal and at the strategic point where the subway systems of the city converge. There will be a subway entrance into the bank building.

## NOMINATIONS FOR CLASS A AND B DIRECTORS

Hamilton F. Kearns, of New York, and Robert H. Treman, of Ithaca, N. Y., have been nominated as candidates for Class A director of the Federal Reserve Bank of New York, by certain member banks in Group 2. Richard H. Williams, of Madison, N. J., has been nominated as a candidate for Class B director, by a number of member banks of the same group. The result of the election will be announced on or about December 6.

## V. H. SEAMAN

At a meeting of the executive committee of the board of directors on November 11, Valentine H. Seaman was appointed assistant secretary of the Guaranty Trust Company of New York.

During his long service with the Guaranty Mr. Seaman has worked in the foreign department, telegraph and cable department, chief clerk's department, and the Overseas service department. While in the chief clerk's department he was for a long time in charge of the general information desk on the main floor. He is now with the branches division of the Overseas service department.

## THE STATE BANK

The State Bank, New York, of which Harold C. Richard is president, showed total resources on November 15, of \$86,265,647.23, and deposits of \$80,025,923.75.



**T**HE Old Lowell National Bank at Lowell, Mass., is older than the city, but its building is modern and up-to-date in every way. It was planned by

**Thomas M. James Company**

**3 Park St., Boston, Mass.**

**Fuller Building, Springfield, Mass.**

**511 Blackstone Building, Cleveland, Ohio**

### EQUITABLE EASTERN BANKING CORPORATION FORMED

The Equitable Trust Company of New York has announced the formation of a new banking corporation to be known as the Equitable Eastern Banking Corporation.

The new organization will further develop the large Far Eastern business now being done by The Equitable Trust Company of New York and facilitate and build up its foreign trade with Far Eastern countries.

The company will be capitalized at \$2,000,000, with a surplus of \$500,000.

The officers of the new company will be: Alvin W. Krech, chairman of the board of directors; Georges Le Blanc, president; Heman Dowd, Ernest D. Kracht, vice-presidents; Richard R. Hunter, secretary and treasurer; James J. Rogers and Waldemar F. Oehlmann, managers of the Shanghai branch; Alfred E. Schumacher, manager of the New York office.

The present business of The Equitable Trust Company of New York requires several representatives in Shanghai and other prominent Far Eastern cities.

The Equitable Eastern Banking Corporation will assume the Far Eastern representation for The Equitable Trust Company of New York through its Shanghai office.

The Shanghai office of the new corporation will be located at number 1 Kiukiang Road until the completion of the new Robert Dollar Building, Canton Road near the Bund. The Robert Dollar Building will be, when completed, the most modern and imposing office building in Shanghai. The Equitable Eastern Banking Corporation will occupy a handsome suite of offices on the ground floor.

The incorporators of the company include: Alvin W. Krech, president, The Equitable Trust Company of New York; Heman Dowd, vice-president, The Equitable Trust Company of New York; Georges LeBlanc, vice-president, The Equitable Trust Company of New York; Richard R. Hunter, vice-president, The Equitable Trust Company of New York; James J. Rogers, assistant manager, The Equitable Trust Company of New York; Ernest D. Kracht, manager bullion department, The Equitable Trust Company of New York; John S. Drum, president, Mercantile Trust Company of San Francisco; John D. McKee, chairman board of directors, Mercantile Trust Company of San Francisco; Emery Olmstead,

president, Northwestern National Bank, Portland, Ore.; Enrico N. Stein, vice-president of Abe Stein & Company, Inc.; Winthrop W. Aldrich, member of Murray, Prentice & Howland.

Several important Pacific Coast banks are represented among the incorporators. They are: Mercantile Trust Company of San



*Photo: Co-operative Press*

ALVIN W. KRECH

President Equitable Trust Company of New York,  
Chairman of the Board of the Equitable  
Eastern Banking Corporation

Francisco and Northwestern National Bank of Portland, Ore.

Another bank included among the stockholders is the Citizens National Bank, Los Angeles, Cal.

The New York offices of the Equitable Eastern Banking Corporation will be located at 37 Wall Street, New York.

### RICHMOND HILL NATIONAL BANK

The Richmond Hill National Bank of New York is now occupying its new home at 118th street and Jamaica avenue. Officers of this bank are: President, George Solms; vice-president, Emil G. Raeder; vice-president and cashier, C. Bertram Mahler.

¶ What happens in England vitally affects Europe and America.

¶ And much has been, and is, happening; matters seen casually in the newspapers, and forgotten, but which are of tremendous significance to America and the world.

¶ A complete picture of England, as it is since the war, is the best clue to the international situation.

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### "LONG TERM RAILROAD BONDS"

Messrs. Brown Brothers & Co. have issued a pamphlet ("Long Term Railroad Bonds") which briefly but clearly analyzes the conditions which influence the earning power of the railways and determine the value of railway securities. It is illustrated by a chart showing the trend of bond prices and commodity prices and money rates since 1891. The situation of the bond market at present is contrasted with that which ruled from 1914 until quite recently, and the reasons for the present more favorable outlook are fully given. The opinion is expressed that long term railway bonds of the investment grade are attractive at present prices, the basis of this opinion being set forth in detail.

For the consideration of investors an additional pamphlet has been prepared containing two lists of long term railway bonds, with a short description of each issue. Those included in the first list are for the greater part legal investments for trustees and savings banks. In the second list are

many attractive opportunities for purchasers not limited to the field of trustee securities.

### VANDERBILT HOME AS BANK OFFICE

It is reported that the famous William K. Vanderbilt mansion on the northeast corner of Fifth avenue and Fifty-second street, New York, has been tentatively purchased by August Heckscher for the Empire Trust Company, and will be remodeled for use as banking offices.

### MORRIS PLAN BANKS

During the nine months ended September 30, the Morris Plan banks and companies throughout the United States, made small loans aggregating nearly \$60,000,000. The total volume of loans made by these banks to date exceeds \$200,000,000.

Thomas Coughlin, president of the Morris Plan Bankers Association, and vice-president and manager of the Morris Plan Bank, of Cleveland, has been elected a member of the board of directors of the Industrial Finance Corporation. William S. Royster, president of the Morris Plan Bank, of Norfolk, and Henry H. Kohn, of Albany, have also been added to the board.

### ITALIAN DISCOUNT AND TRUST COMPANY

The Italian Discount and Trust Company, of New York, on November 11—its second anniversary and the birthday of King Victor Emmanuel—opened a Harlem office at 2242 First avenue, near 115th street, the company having acquired the banking business of A. Alvino & Figlio, which for six years was conducted by that firm at the above address.

The opening of this office will bring to firms and individuals in the Italian district of Harlem, a personal and comprehensive service in all branches of domestic and foreign banking. In fact, the same broad range of service which is offered by the company at its main office, 399 Broadway, will hereafter be available in Harlem, including: special interest accounts, checking accounts for business and personal use (interest paid), the purchase and sale of foreign exchange—specializing in lire, circular checks on Italy (without cost to the drawer) for both traveling and remittance purposes, and complete banking service for importers and exporters.

The Italian section of Harlem is assured,

furthermore, of all the advantages of the intimate connection which exists between the Italian Discount and Trust Company, and Guaranty Trust Company of New York, and Banca Italiana di Sconto, of Rome, with its more than 150 branches throughout Italy.

#### AMERICAN FOREIGN BANKING CORPORATION

John H. Allen, formerly vice-president of the National City Bank, has succeeded Archibald Kains as president of the American Foreign Banking Corporation. Mr. Kains has been made chairman of the board of directors, succeeding Albert H. Wiggin, who has been made chairman of the executive committee. While with the National City Bank, Mr. Allen was in charge of that institution's business in Cuba, South America, Mexico, and Canada, and is thoroughly versed in foreign banking.

From the time of its inception, the American Foreign Banking Corporation has made great progress. The corporation was organized prior to November 1, 1917, at 61 Broadway, New York City, in connection with the Federal Reserve Act, authorizing national banks to own stock in a bank which is engaged solely in international and foreign banking and operated under the control of the Federal Reserve Board. The stock of the institution was subscribed to by 35 national banks located throughout the United States and also in Canada.

The banking offices of the corporation were opened on November 1, 1917, at 56 Wall street, with the following officers:

Archibald Kains, president; Hayden B. Harris and T. Fred Aspden, vice-presidents; Charles A. Mackenzie, secretary and treasurer; Theodore A. Rheinboldt, manager, exchange department; Siegfried F. Schleisner, assistant manager, exchange department.

The offices of the corporation were moved on May 30, 1918, to their present quarters at 53 Broadway. At that time they had approximately 75 employees.

The capital at the inception of the corporation, which was \$2,000,000, was increased as follows: October, 1917, to \$2,500,000; March, 1918, to \$3,200,000; May, 1918, to \$3,500,000; February, 1920, to \$5,000,000.

At the present time the capital and surplus stands at \$6,500,000.

The original departments of the bank were, commercial credits, exchange and tellers. At the present time there are 22 departments, each department having its own stenographic division.

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**HOWARD BISSELL, President**  
**C. R. HUNTLEY, Vice-Pres.**  
**E. H. HUTCHINSON, Vice-Pres.**  
**E. J. NEWELL, Vice-Pres.**  
**C. G. FEIL, Cashier**  
**A. J. ALLARD, Asst. Cashier**  
**G. H. BANGERT, Asst. Cashier**  
**GEO. ULRICH, Asst. Cashier**  
**C. H. FITCH, Asst. Cashier**  
**W. G. WILCOX, Auditor**

#### *Trust Department*

**CHAS. W. CARY, Trust Officer**

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**ROBERT I. BARR**  
Vice-President

**A. C. ANDREWS**  
Vice-President

*C., Bradley Studios, N. Y.*  
**WILLIAM P. HOLLY**  
Cashier

Recently Elected Officers Chase National Bank

From a staff of 13 at their inception, they now have 262 employees, of which 192 are men, and 70 women.

Their acceptances have grown as follows:

December 31, 1917.....	\$349,815.00
June 30, 1918.....	7,149,620.67
December 31, 1918.....	11,280,567.29
June 30, 1919.....	18,582,680.34
December 31, 1919.....	30,215,243.69

The first branch to be opened by the American Foreign Banking Corporation abroad, was at Port au Prince, Haiti. This branch was opened on February 18, 1918, and was closely followed by two branches at Panama, Republic of Panama, and Cristobal, Canal Zone, which were purchased from the Commercial National Bank of Washington, D. C., and opened under the name of the American Foreign Banking Corporation, on March 15, 1918.

After these branches came:

- Havana, opened January 2, 1919.
- Rio de Janeiro, opened March 1, 1919.
- Brussels, opened May 1, 1919.
- Call, opened August 1, 1919.
- Harbin, opened August 1, 1919.
- Manila, opened November 1, 1919.
- San Pedro Sula, opened February 2, 1920.
- Buenos Aires, opened March 1, 1920.
- La Vega, opened April 1, 1920.
- Puerto Plata, opened April 1, 1920.
- Sanchez, opened April 1, 1920.
- San Pedro de Macoris, opened April 1, 1920.
- San Francisco de Macoris, opened April 1, 1920.
- Santiago de Los Caballeros, opened April 1, 1920.
- Santo Domingo, opened April 1, 1920.

The corporation is also interested in the Chinese American Bank of Commerce, and through them they expect to be able to build up a considerable Oriental business.

**GEORGE S. JONES**

At a recent meeting of the executive committee of the board of directors, George S. Jones, of Macon, Georgia, was appointed vice-president of the Guaranty Trust Company of New York.

Mr. Jones is about forty-eight years old and has been senior member of the law firm of Jones, Park & Johnson, of Macon, Georgia. As the leading business lawyer of that city for many years, he has had a wide experience in reorganization work, and in general corporation practice, especially that pertaining to the banking field.

**WEST END BANK OPENED**

The West End Bank, New York, with a capital of \$200,000 and a surplus of \$100,000, has been opened for business. The officers are: President S. Fromm; vice-presidents, J. P. Kelly and Seldon Raimforth; cashier, W. S. Germain.

**WRIGHT DURYEYEA**

Chauncey, Hayes & Lord, 25 Broad street, New York, have announced that Mr. Wright Duryea, formerly with Bond &



**M. HADDEN HOWELL**  
Asst. Vice-President

**GEORGE H. SAYLOR**  
Asst. Vice-President

**EDWIN A. LEE**  
Asst. Vice-President

Recently Elected Officers Chase National Bank

Goodwin, has become associated with their bond department.

Junius H. Stone and all of the principals who have been associated with Mr. Stone

**THE "EXPLAINED" STATEMENT**

An explanation, in booklet form, of "What the Items of a Bank Statement Mean," has just been issued by the Guaranty Trust Company of New York. Following a brief discussion of the significance of the various items in the customary form of condensed bank statement, the booklet says in summary:

"Bank statements show the financial condition of the bank at any given date, but a comparison with previous statements is necessary to ascertain the progress that is being made. In addition to examining statements of his bank, however, a depositor should inquire into its administration, its management and the service that it renders. Sound policies, a broad vision of modern financial needs, efficient management and facilities for serving its depositors in their financial affairs are the foundations on which the strongest banks are built."

**JUNIUS H. STONE INCORPORATES**

By a change of name, effective November 1, 1920, the Junius H. Stone Corporation succeeds to the control and management of the business heretofore conducted under the style of Junius H. Stone, New York.



**W. E. PURDY**  
Assistant vice-president Chase National Bank

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will retain their status in the family circle of the renamed organization. The personnel remains intact, and it is merely a change in name.

Junius H. Stone is president and treasurer of the new organization and John V. Green, who has been associated with Mr. Stone since he started in business, will be secretary and assistant treasurer.

The new firm is incorporated in New York State for \$500,000, and Mr. Stone is the principal stockholder.

In 1892 the firm of Stone & Duryee, of which Mr. Stone was senior member, began producing solid cork blocks from loose granulated cork by pressure and heat, without the use of a foreign binder, so that Mr. Stone can be credited with producing the first commercial sheet of corkboard in this country, and he has been responsible for many of the improvements made since that date.

In addition to their business in Non-Plus Ultra pure compressed corkboard, this concern will continue to push their Stone-wall Corkboard finish, the Bituconcrete, Heavy Duty Mastic Floors, Light Duty Mastic Floors and No-Noise Acoustical Treatment.

### BROOKLYN TRUST TO HAVE NEW BRANCH

The Brooklyn Trust Company has purchased the property at the northwest corner of Fifth avenue and Seventy-fifth street, Brooklyn, and will open a branch office there as soon as alterations can be made and equipment installed.

Permission has already been granted by the New York State Banking Department to the Brooklyn Trust Company to establish this office and it is believed that its convenience to the fast-growing Bay Ridge section of the city will meet the needs of a large number of the residents and business houses there in their banking and trust requirements.

When this new branch opens the Brooklyn Trust Company will have four offices in Greater New York, all centrally located—three in Brooklyn and one in Manhattan, where every facility is extended its clients, for the efficient cooperation in their financial affairs—personal or corporate.

### THE AMERICAN TRUST COMPANY

On September 30 the American Trust Company, New York, had total resources





## Present Day Banking Profits

If the banker is to receive the profits which the opportunities of today hold, it is of the utmost importance that he draw to his institution, through the education of his banking public, the largest percentage of current public earnings.

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of \$12,926,124.51 and deposits of \$11,457,372.11. This company does a general banking and trust business and is affiliated with the New York Title and Mortgage Company, thus having the advantage of that company's organization in all its departments.

### NATIONAL BANK OF COMMERCE IN NEW YORK APPOINTS NEW OFFICERS

Franz Meyer, an assistant cashier of the National Bank of Commerce in New York and manager of its foreign department, has been appointed a second vice-president of that institution. Mr. Meyer came to the bank in 1907 as draft clerk and was appointed an assistant cashier in July, 1919.

The bank also announced the appointment of three new assistant cashiers. These are Ira W. Aldom, William S. Graves and Eugene M. Prentice. Mr. Aldom entered the employ of the bank eighteen years ago as a messenger. Mr. Graves came to the bank in 1919 and was later made an assistant chief clerk. Previous to this he had been assistant cashier of the Federal Reserve Bank of Atlanta, Ga. Mr. Prentice was connected with the

State Bank of Chicago before he joined the National Bank of Commerce in New York in 1918.

These appointments, all of which were effective November 1, 1920, will increase the number of the bank's officers to thirty-six.

### DR. CHANDLER APPOINTED ECONOMIST OF NATIONAL BANK OF COMMERCE

Dr. Henry A. E. Chandler, associate professor of economics at Columbia University since 1916, has been appointed economist of the National Bank of Commerce in New York.

As a financial expert Dr. Chandler has had broad experience in public affairs. He was assistant to the Legislature of Arizona in economics and finance from 1911 to 1914, and economist on the committee on taxation of the American Mining Congress in 1913 and 1914. In 1915 and 1916 he was tax expert and advisor to the joint legislative committee on taxation of the State of New York and was financial advisor to the Mexican Government in 1917. He was engaged in 1918 and 1919 to carry on investigations of the special tax committee of the Ad-



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E. F. SHANBACKER  
*President*

The  
**FOURTH STREET  
NATIONAL BANK**  
Philadelphia

visory Council of Real Estate Interests and coöperated with the Mayor's committee on taxation in investigating New York State and city finances.

Dr. Chandler was graduated in 1905 from Northwestern University and took graduate courses in economics and finance at the University of Wisconsin, University of California, Columbia University and the University of Berlin. He received the degree of Doctor of Philosophy from Columbia University. For six years he was head of the department of economics at the University of Arizona, leaving that post to come to Columbia University.

#### WILLIAM REED

Vice-President William Reed of the Fidelity-International Trust Company, New York, who was recently placed in charge of the company's Whitehall Branch



WILLIAM REED

Vice-president Fidelity-International Trust Co. of New York and Manager of the Whitehall Branch

at 17 Battery Place, entered the banking business in 1890 at the age of nineteen as a clerk in Third National Bank, New York. After that institution was absorbed, seven years later, by the National City

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PHILADELPHIA

*Resources over . . . . \$25,000,000*

Bank, he served in the latter organization for ten years, rising to the position of assistant cashier and having charge of the general office work.

He became vice-president of the International Bank, New York, four years ago, and assumed charge of the entire office after that bank's recent merger with the Fidelity Trust Company.

Vice-President Reed has made a special study of foreign exchange and foreign credit and is recognized as an exceptionally well-equipped authority on these subjects.

### APPROVE BANK MERGER

The proposed consolidation of the Union National Bank and the Fidelity Trust Company, both of Newark, has been approved at meetings of the stockholders of these institutions, and the stockholders of the bank and the trust company will vote on ratifying the decision of the directors at meetings to be held in Newark on December 1. The reasons for the proposed consolidation were explained following the directors' meetings by William Scheerer, president of the Union National Bank, and

Uzal H. McCarter, president of the Fidelity Trust Company, who said that it had long been the desire of the Union National Bank to enter the trust company field.

If the stockholders concur in the wishes of the directors, the consolidated institution will be the largest trust company in the State of New Jersey. It will operate under the name of the Fidelity Trust Company, having a capital of \$3,000,000, surplus and profits \$3,375,000, assets in excess of \$61,000,000 and deposits of more than \$50,000,000. The officers and staff of the Union National Bank will be transferred to the Fidelity Trust Company.

### PHILADELPHIA BANK GETS SYMPOSIUM ON BUSINESS OUTLOOK

The Penn National Bank, of Philadelphia, has just completed a symposium of the opinions of more than thirty of the most prominent and best informed leaders in varied manufacturing, merchandising and financial activities of Philadelphia's business. The consensus of opinion is that normal conditions are rapidly returning, though a return to pre-war prices is not expected. All seem to agree that we are part way

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With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

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30 West 34th Street, New York  
218 Livingston Street, Brooklyn, N. Y.

through the period of healthful reaction from the abnormal conditions created by the war.

### PHILADELPHIA BANK OFFICERS ORGANIZE

Philadelphia bank officers have organized a club under the title of the Bank Officers' Club of Philadelphia. By-laws have been adopted and a permanent organization effected by the election of Joseph Wayne, Jr., as president; E. P. Passmore, vice-president; H. J. Haas, secretary, and Frank M. Hardt, treasurer. The executive committee compose these four gentlemen and Wm. F. Kurtz.

### PHILADELPHIA SAVINGS FUND DEPOSITS GROW

Deposits in savings fund societies of Philadelphia show an increase; total deposits were \$241,699,010, a gain of \$301,096 over the amount on August 2. Compared with a year ago when aggregate deposits were \$225,173,505, the gain was \$16,525,505.

Number of depositors has remained practically unchanged during the year, the total now being 4428,371.

### F. WILSON PRICHETT

F. Wilson Prichett, formerly a partner of Frazier Company, bankers, Philadelphia and New York, has opened an office in the North American building, Philadelphia, for the purpose of acting as fiscal agent for railroad, public utility and industrial companies and for underwriting their stock and bond issues.

### SOUTH SIDE TRUST COMPANY OF PITTSBURGH

Eugene W. Pargny, president of the American Sheet and Tin Plate Company, has been elected a member of the board of directors of the South Side Trust Company of Pittsburgh.

### Citizens' National Bank

(Chartered 1898)

ENGLEWOOD, N. J.

Capital ..... \$50,000.00

Surplus and Undivided

Profits ..... 162,720.00

Deposits ..... 1,278,270.00

Albert I. Drayton, Pres.

S. S. Campbell, Vice-Pres.

J. B. Lewis, Cashier.

Collections collected. Remittance on day of payment at lowest rates. Send us your business.

**New England States**

**THE  
FIRST NATIONAL BANK  
of Boston**

Transacts commercial  
banking business  
of every nature

*Make it your New England correspondent*

**Capital, Surplus and Profits  
\$37,500,000**



## Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

# The Merchants National Bank of Boston

### ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

**N**EW ENGLAND, like other parts of the country, is experiencing a rather rapid reduction in wholesale prices; but, New England, unlike some other parts of the country, has not yet found that price-reductions have reached the consumer. Until these reductions do reach the consumer there is no way of gauging the buying capacity of said consumer as a basis of future business operations. As a result there has been a marked hesitancy in many lines, and buying by wholesalers and jobbers has been on the same old hand-to-mouth basis. There is, however, a decided ring of optimism, even in the industries that are at present suffering from the causes mentioned. There is a feeling that the fundamental conditions in business have materially improved. In many lines manufacturers and jobbers have prepared to mark off their losses on the new inventories and get right down to brass tacks in the pursuit of business on the new basis of prices. The lack of orders in textile and shoe industries has materially affected the employ-

ment and general labor situation, but the problem has already been solved in many individual instances where employees have accepted a lower wage scale rather than face a shut-down. In fact all throughout New England the labor situation is much improved except in building and construction lines, where there is still talk of higher demands on the part of labor in spite of the fact that building operations have already been reduced to the minimum by the high labor costs. Lumber and other building materials have fallen off in price but the drop has not served to stimulate building to any marked extent, owing, as already stated, to the clouded situation in regard to labor.

There has been some increase in the number of business failures in New England, but none of the failures have any wide influence and they do not seem to indicate any special strain beyond the elimination of concerns and individuals that failed to foresee the drop in prices.

The flurry in banking circles of Boston has died down and the entire banking situation—which was never for a moment threatened—has been materially strengthened by the elimination of factors that were long recognized as weak. There has been little change in money rates and the whole complicated matter of distributing available funds for loans has been admirably handled by the banks.

New England, solidly Republican, is optimistic over the outlook for business under the new administration, without in the least overlooking the seriousness of the problems that the new administration must face.

### Park Trust Company

Park Building, 511 Main Street  
WORCESTER, MASS.

Capital ..... \$300,000  
Surplus and Earnings..... 170,680

Ralph H. Mann, President  
J. Lewis Ellsworth, Vice-Pres. and Treas.  
George E. Duffy, Vice-President.  
Frederick J. Bye, Assistant Treasurer.  
Send us your Massachusetts collections.

**WEBSTER  
AND  
ATLAS  
NATIONAL BANK  
OF BOSTON**

**For  
Boston Notes  
and Drafts**

We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

**Credit Service**

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

**A Strong Bank of Dependable Service**

Established 1833

<b>Capital, Surplus and Profits</b>	. . .	<b>\$2,700,000</b>
<b>Average Deposits, about</b>	. . .	<b>12,000,000</b>

*Chairman of the Board*  
**AMORY ELIOT**

*President*  
**RAYMOND B. COX**  
*Vice-President and Cashier*  
**JOSEPH L. FOSTER**

*Vice-President*  
**EDWARD M. HOWLAND**

There is little disposition to look for, or even hope for, a "boom" in business. New England does look, however, for a steady, substantial improvement in the essential industries that are the foundation of New England business.

**BANK EXPANSION IN BOSTON**

Boston banks, like those of the other important cities of the country, have participated in the unprecedented expansion of the past few years. Deposits have increased tremendously, and the growth in general business and the special services offered by modern banking institutions have called for a similar expansion in banking quarters. Most of the big banks of the city have new buildings or additions in the works or are perfecting plans for such enlargements.

The Federal Reserve Bank of Boston has work well started on a two or three million dollar structure on the corner of Pearl, Franklin and Oliver streets, which will be ready for occupancy within a year probably.

The First National Bank has plans and is now assembling the materials for one

of the greatest bank buildings in the country, to occupy the fine site opposite the postoffice and fronting on Milk, Devonshire and Federal streets.

The National Shawmut Bank is adding to its present facilities by a big addition to its already large building, which will give it needed space for the heavy increase in business which has been coming to it.

The Old Colony Trust Company is arranging for an addition to its big central office on Court street, which will double its available space.

The Merchants National Bank, which only a short time ago completed its fine building on State street, is constructing a large addition which will greatly increase its banking accommodations and working space.

The National Union Bank will within a few months move into its new building on Washington street, near Court, where its quarters will be largely increased and needed room for expansion provided.

The Beacon Trust Company has plans for remodeling a building it has purchased on Milk street, close to the financial center. The new quarters will provide heavily increased facilities for its general banking

business, besides new and modern safe deposit vaults.

The State Street Trust Co. is planning for the erection of a large modern bank building at State and Washington streets as soon as building conditions have sufficiently improved.

The Federal Trust Company has made tentative plans for the erection of a building on Washington street, to connect with its present building at Devonshire and Water streets.

The Metropolitan Trust Company will shortly move into greatly enlarged quarters on Milk street.

The Franklin Savings Bank, now in Park Square, is planning for the erection of a new building as soon as feasible.

The Webster and Atlas National Bank has greatly enlarged and modernized its banking rooms in the Sears building, at Washington and Court streets, while the Liberty Trust Company has increased its space and refitted its quarters in the same building.

Banks in the suburban section have also participated in this expansion and many modern bank buildings have been erected and others planned.

#### SAVINGS ASSOCIATION STARTS WORK

The Association for the Promotion and Protection of Savings, Inc., of which Alfred L. Aiken, president of the National Shawmut Bank, is president and which aims to teach conservation and thrift and discourage hoarding, has opened its offices in Rooms 311-312 Compton building, 161 Devonshire street, and started its work actively.

Mrs. F. L. Higginson, first vice-president and former director of the Savings division of the First Federal Reserve District, will be at the headquarters to look after the administrative work, with the assistance of Mrs. Charles S. Heard, executive secretary.

The new organization, which will from the start co-operate with the savings division of the United States Treasury Department, will encourage systematic savings and safe investment in the industrial plants of Massachusetts, agricultural communities, educational institutions and men's and women's organizations. It will point out the fundamental differences between investments and speculation, capital and income and will make clear the necessity for full and careful investigation before one makes investments. Banking methods and the

## Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

McArdle,  
Djorup & McArdle  
42 Broadway, New York

way in which accumulations of small savings are safeguarded and invested will be explained. Its work will take up the important present-day problem of informing people of the need for saving in order to set at work the great amount of capital that is absolutely necessary to keep production going so as to take care of demand.

The Massachusetts Chamber of Commerce, Boston Chamber of Commerce, the Associated Industries of Massachusetts and many other influential business organizations, national banks, trust companies, savings banks, coöperative banks and other enterprises, recognizing the great need for work of this kind are supporting the association.

#### SECOND NATIONAL BANK, BOSTON

At a recent meeting of the directors of the Second National Bank of Boston John H. Simonds, lately cashier, was elected a vice-president, and Frank H. Wright, for many years assistant cashier, was elected cashier. H. E. Stone was made first assistant cashier and the following new as-



# W. J. WOLLMAN & CO.

120 Broadway, New York

Members New York Stock Exchange

## Investment Securities

Bankers and Trade Acceptances

Our Review of Financial, Commercial, Industrial and Economic  
Conditions Issued Every Two Weeks Sent Upon Request



The remodeled and enlarged banking rooms of the Park Trust Co., Worcester, Mass.

sistant cashiers were appointed: A. B. Fletcher, H. H. Briggs, C. J. Lennihan, Jr., and Alexander Winsor.

### PILGRIM COINS PROVE POPULAR

The "Pilgrim" half dollars, recently issued by the United States Director of the Mint, and distributed to banks throughout the country by the National Shawmut Bank of Boston, are proving popular, judging from the requests for allotments of the new coins received from banks from Maine to California. More than one-half of the total issue of 300,000 coins have been distributed to date. At this rate the entire issue, which is limited to that number, will be quickly exhausted.

Some misunderstanding has arisen that the price of the coins should be set at one dollar, although their face value is but fifty cents. This price has been fixed by the commission created by the Massachusetts Legislature to celebrate the tercentenary of the landing of the Pilgrims. It is intended that the balance above the face value of the coins, less minting charges, cost of dies, etc., be turned over to the commission for its use. Their distribution by the Shawmut Bank is entirely a matter of patriotic service.

### PARK TRUST CO., WORCESTER, MASS.

The Park Trust Co., Worcester, Mass., has recently completed the remodeling of its banking rooms, by which the space for the public and for working quarters has been doubled. The rooms have been handsomely finished in marble and mahogany from the plans of Thomas M. James, the Boston bank architect. The new quarters keep pace with the growth of the bank, which also has more than doubled in the past few years, the deposits having recently reached high water mark—\$8,000,000. The capital is \$300,000 and surplus and profits nearly \$200,000. A foreign exchange department is now a feature of the bank, which is doing an important business. Ralph H. Mann is president of the institution.

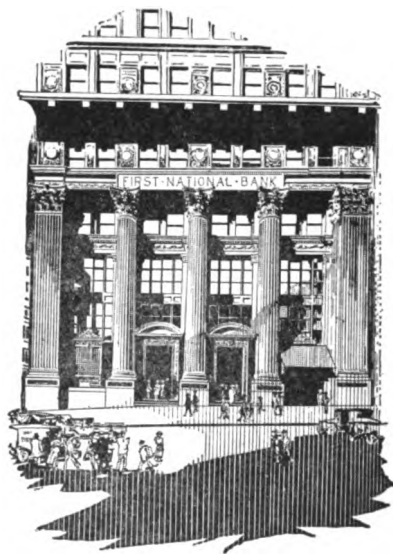
### MECHANICS SAVINGS BANK, HARTFORD, CONN.

At a recent meeting of the trustees of the Mechanics Savings Bank, Hartford, Conn., Wickliffe S. Buckley was elected treasurer to succeed Ward W. Jacobs, resigned.

William H. Schrivener has been elected assistant treasurer.

# First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources . . . . . 35,000,000

## OFFICERS

JOHN M. MILLER, JR. . . . . President  
C. R. BURNETT . . . . . Vice-President  
ALEX. F. RYLAND . . . . . Vice-President  
S. P. RYLAND . . . . . Vice-President  
S. E. BATES, JR. . . . . Vice-President  
JAMES M. BALL, JR. . . . . Cashier  
THOS. W. PURCELL . . . . . Trust Officer

**A**LWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

## ACTIVITIES OF THE WORCESTER BANK & TRUST CO.

The recent statement of the Worcester Bank and Trust Co., Worcester, Mass., shows assets of nearly \$33,000,000 in the commercial department and \$6,500,000 in the trust department. The capital is now \$1,500,000 and the surplus and profits a similar amount, with deposits of about \$28,000,000.

The staff has recently been augmented by the election as vice-president of Warren S. Shepard, who was formerly connected with the Worcester County Institution for Savings and the Mechanics National Bank and treasurer and general manager of the Morris Plan Association in Worcester.

The Worcester Bank and Trust Co. also recently established the Worcester County Charitable Foundation. This Foundation is modeled on those established in Cleveland, Boston, and other cities, and provides a means whereby charitably inclined persons may leave a portion or all their property to be devoted to charitable uses, with the assurance that no matter what changes the future may bring about as to the worthiness of charities now highly meritorious, the funds may still be administered with the greatest efficiency.

Under the management of President John E. White, the Worcester Bank and Trust Co. has become one of the largest and most important financial institutions in New England.



# Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

## ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

**T**HROUGHOUT the South the attention of the agricultural and financial interests during the past month has been centered the question of crop financing. The refusal of the Federal Reserve Board to allow the use of its funds for holding the crop with a view to boosting the price and to give the farmers what they would consider a fair return on their investment gave rise to various moves among Southern interests to take the situation in their own hand.

Of prime importance among the numerous suggestions was that made by W. B. Thompson, of New Orleans, and the American Cotton Association, that ginners cease operations for thirty days with a view to keeping the cotton off the market.

The move was fostered by Governor John M. Parker, of Louisiana, who on Monday, October 25, issued an informal proclamation calling upon ginners of the Southern States to cooperate in a move to close down and keep cotton off the market until the price should be more in line with what it cost the farmers to produce the crop.

On October 30 it was apparent this movement would not succeed, for Harry D. Wilson, Louisiana commissioner of agriculture, issued a statement advising Louisiana ginners to resume operations, since the other Southern States had failed to cooperate with the Louisiana ginners in the movement.

Dealers in various types of power equipment for farming have taken a step to aid the farmers in their period of financial danger, by—for the first time—generally giving terms instead of demanding cash in payment for such supplies. They have further assisted by guaranteeing protection should the price for such supplies decline before May 1 next.

Credit men in New Orleans and throughout the South report that the money market is tight—but they see prospects of a relaxation in the near future.

They base this belief largely on the general commercial activity. In New Orleans the port operations are far ahead of last

year—average for nearly every month being from 60 to 90 vessels entered and cleared more than the corresponding month of last year.

In Birmingham, the coal strike threatened to cloud the horizon for a time, but the operation of the mines under government protection largely dispelled this impending gloom, and coal has continued to be supplied in quantities sufficient to keep everything moving at a normal rate—thanks to the continuation of mild weather throughout the South.

Exports of wheat from New Orleans in September and the early part of October were nearly ten times as great as for September, 1919, the New Orleans Board of Trade reported.

The September, 1920, exports totalled



*The Branch*  
Our First President

## Merchants National Bank

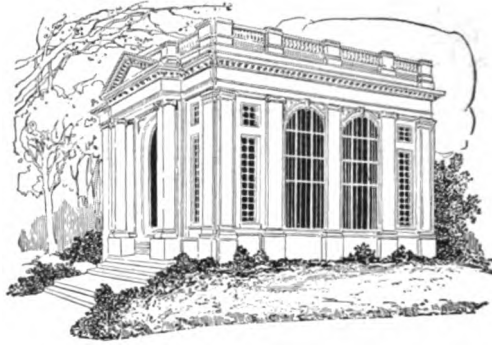
RICHMOND, VA.

Capital . . . . \$400,000  
Surplus and Profits over 1,750,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**



## Profit-Sharing That Makes Bank Buildings Yield Greater Profits

Loyalty is good as far as it goes, but it doesn't go far enough.

Link up loyalty, however, with a personal interest, prompted by the interest it will yield in dollars and cents in a man's check, and you have loyalty, *plus*.

This loyalty, *plus*, among our profit-sharing employees, cuts down building costs on every bank we build. It cuts corners, *without* cutting quality.

It is but one phase of the Underwood Plan of the shortest distance between two points—a straight line.

The "pay-as-you-go" is another feature; the practical economy of which you will promptly appreciate.

Send for figure facts.



# Underwood Contracting Corporation

Canal Bank Building  
New Orleans, La.

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

10,554,861 bushels as compared with only 1,299,053 bushels in September, 1919. Corn was slightly ahead of last year—with 92,496 bushels exports this year, and 70,410 last year. Oats fell far short of last year, with an exportation of only 70,560 bushels as against 573,365 in September, 1919.

Even more interesting are the comparative totals for the period from July to September for the two years, which are as follows:

Wheat, 1920 exports, 23,357,633; 1919, 3,659,387. Corn, 290,888 and 338,090. Oats, 216,265, and 1,073,570. Barley, 3,102,435, and 4,818,783. Rye, 25,000 bushels; nothing last year.

The Federal Reserve Bank for the Atlanta district reports for the close of business October 31 a total reserve of \$89,719,462.11; a total of earning assets of \$158,708,059, and a grand total of resources of \$279,105,753, with the following liabilities:

Capital paid in, \$3,959,700; surplus, \$7,050,000; total gross deposits, \$73,343,934.73; Federal Reserve notes in actual circulation, \$177,733,890; Federal Reserve Bank Notes in actual circulation, \$13,933,800; other liabilities, \$3,084,428.90.

A temporary depression in the allied—

coffee, rice, sugar—lines is reported, because of the unstable condition of the markets and the drop in prices, but the general belief that these commodities have reached their bottom levels is tending to stabilize conditions, and as soon as this state is fully realized activity will be resumed on a large scale.

Because of the extremely low prices, coffee, sugar and rice men generally have

## Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

F. H. Pringle, Pres.  
E. H. Pringle, Jr., Vice-Pres.  
R. S. Small, Vice-Pres.  
A. R. LaCoste, Vice-Pres.  
G. W. Walker, Cashier.  
J. H. Lucas, Assistant Cashier.  
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.  
Drafts on Charleston drawn with exchange remitted without charge.

### Atlantic Savings Bank

CHARLESTON, S. C.

Capital .....	\$200,000
Surplus and Undivided Profits .....	297,370
Deposits over .....	3,692,000

Henry Schaechle, Pres.  
J. H. Jahnz, Vice-Pres.  
Walter Williman, Cashier.  
A. C. Koster, Assistant Cashier.

not been anxious to put their crops on the market, and are doing so only as necessity requires.

New Orleans throughout October was singularly free from the menace and loss incident to strikes—not one of any magnitude being recorded, except possibly a brief tie-up of the port draymen, which lasted for only a few days.

The labor situation is generally unchanged, but indications point toward a betterment—with the supply becoming more adequate, although still far under the demand.

Despite the labor shortage, the rice crop of Louisiana is nearly entirely harvested and safely stored. Only the fair weather saved it. A movement by the rice interests to stabilize their market by fixing the price of rice at \$8 a barrel is being started but so far has not gained much headway. In this connection the signing of a \$600,000 contract by the rice interests of the state with N. W. Ayer & Co., of Philadelphia, for the national advertising of rice as an article of food is interesting.

Receipts of naval stores continue to be heavy, although, it is understood, they are somewhat less than last month.

"The credit situation all over the South is still tight," said I. V. Shannon, former assistant state bank examiner of Louisiana, and now financial editor of the New Orleans Item, the leading authority in that state on the money market, "but the men in the financial field look generally for better conditions soon.

"The effort to stabilize the rice market is meeting with success and is being reflected in conditions generally in the rice belt. The sugar market, too, has been stabilized by concerted action on the part of those interested, and the combined effect is bound to be a tremendous good," Mr. Shannon declared.



### GEORGIA NATIONAL BANK

On September 8, 1920, the Georgia National Bank of Athens, Ga., had total re-

sources of \$4,268,721.72, and deposits of \$1,706,042.56. Officers of this bank are as follows: President, John J. Wilkins; vice-presidents, M. G. Nicholson and J. Warren Smith; cashier, W. P. Brooks; assistant cashiers, J. C. McClain, P. T. Betts and E. L. Wilkins.

### NORTH CAROLINA ADDED TO PAR LIST

All banks in the state of North Carolina are now on the par list. This means that checks drawn on all banking institutions in this state can now be collected at par through the Federal Reserve Banks. The placing of all of the banks in North Carolina on the par list became effective November 15.

### VIRGINIA STATE BANKS

On September 8, 1920, the 329 incorporated state banks of Virginia had total resources of \$203,147,181.15 as compared with \$201,569,262.59 on June 30 last. On the same date total deposits were \$143,285,096.03 as compared with \$141,970,313.21 on June 30 last.

### "FIRST CITIZENSHIP"

After a few months' suspension due to the local printing situation, "First Citizenship," the monthly bulletin of the First and Citizens National Bank of Elizabeth City, N. C., is again being distributed to the friends and patrons of the bank. The bulletin is edited by M. H. Jones, assistant cashier.

Deposits of the First and Citizens have increased from \$39,426.17 in 1891 to \$2,738,871.65 in 1920.

### NORTH CAROLINA BANKING SITUATION

On September 8, 1920, the total resources of the state, private and savings banks and trust companies of North Carolina was \$296,708,348.80 as compared with \$226,888,238.88 on September 12, 1919, and \$75,497,-

### W. R. Rison Banking Co.

HUNTSVILLE, ALA.

Capital .....	\$100,000
Surplus and Undivided Profits .....	165,820

A. L. Rison, Pres.

Harry M. Rhett, Cash.

Collections will receive prompt attention and be remitted for on day of payment.  
Established 1866.

136.11 on September 4, 1912. Loans and discounts other than demand loans were \$212,495,434.13 and demand loans were \$12,650,031.24. Deposits subject to check were \$105,608,932.40.

“SELLING RICHMOND”

The American National Bank of Richmond, Va., through its new business department has been actively engaged in “selling Richmond to Richmonders.” The campaign started with a full-page advertisement in the newspapers setting forth the assets of Richmond from a financial, industrial, commercial, geographical, and historical standpoint. This theme was repeated, with interesting variations in the bank’s monthly Thrift Letter, of which copies were requested by a number of the bank’s customers and sent broadcast through the mails to their own customers.

The campaign then took a more personal turn in the shape of ads stressing the assets of important industries in Richmond. Twenty-five of these ads appeared in the daily papers, and thirty-five firms in the city duly sat up and took notice of the American National Bank as a progressive institution. The campaign is still under way.

MINOR A. BLAND

Minor A. Bland has been elected vice-president of the First National Bank of Clarksville, Tenn. Mr. Bland will retire from his present position as president of the Coulter Lumber Company and will assume his new duties December 1. He was also elected at the same time a vice-president of the Southern Trust Company, which is affiliated with the First National.

Opelousas National Bank

OPELOUSAS, LA.

Capital ..... \$50,000  
Surplus and Undivided Prof-  
its ..... 106,300

E. B. Dubuisson, Pres.  
C. L. Dupre, Vice-Pres.  
Chas. F. Boagni, Vice-Pres.  
A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.  
Charter No. 6320. Began business October  
1, 1903. Collections solicited.

With the addition of Mr. Bland the organization of the First National Bank will remain as at present, as follows: Wesley Drane, chairman of the board of directors; C. W. Bailey, president; John J. Conroy,



MINOR A. BLAND

Vice-President First National Bank,  
Clarksville, Tenn.

Atlanta National Bank

ATLANTA, GA.

The oldest National Bank in the  
Cotton States

Capital ..... \$1,000,000  
Surplus and Profits ..... 1,500,000  
Deposits ..... 24,000,000

Robt. F. Maddox, Pres.  
F. E. Block, Vice-Pres.  
Jas. S. Floyd, Vice-Pres.  
Geo. R. Donovan, Vice-Pres.  
T. J. Peoples, Vice-Pres.  
J. S. Kennedy, Cashier.

vice-president; F. T. Hodgson, vice-president and cashier; R. B. Broster and Thomas Foster, assistant cashiers; Mrs. Sara W. Hood, manager savings department.

In the Southern Trust Company the officials will continue as follows: Mr. Drane as chairman of the board of directors; C. W. Bailey as president; M. L. Cross as vice-president and James G. Holleman, cashier.

# The Lightning

## A Bank Machine



The size is  
 $9\frac{1}{2} \times 12 \times 15\frac{1}{4}$  in.  
Weight 20 lbs.  
Guaranteed for  
ten years.

**T**HE character and success of the modern bank are expressed not only in its physical appearance but also in the facilities it employs the better to serve its depositors.

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# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri.

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

**F**INANCIAL conditions in the seventh reserve district have given gratifying negative evidence in the last month that the heaviest stage of the fall money demands has been passed without discomfort—they have not grown any worse. In fact there have been some signs of positive improvement and while the total of loans is still heavy the borrowing pressure is unmistakably lessened, and predictions among bankers that money will be easier after the turn of the year are now made with more confidence. Liquidation of inventories, however, still has some way to go before the process is complete, and while there are no indications of distress on the surface there are sure to be some headaches and it would be a mistake to assume that all danger is behind. The readjustment has been a little too rapid for comfort, and has come near to being too fast for safety, but it is believed that most of the weak points have been safeguarded. One bank has a large customer whose inventories show a shrinkage of 60 per cent. in the last few months, and there are many others approaching that figure. Such cases require rather careful handling, and that they have pulled through so far is due principally to the fact that warning was timely and given with sufficient sternness to produce salutary results.

The position of the Federal Reserve Bank of Chicago showed steady, although slightly bettered each successive week in October. At the beginning of this month the ratio of reserves to combined net deposit and reserve note liability was 40.34 per cent., as compared with a little more than 38 at the beginning of the previous month, and the ratio of reserves to note liability after setting aside 35 per cent. against net deposits stood at 42.56, compared with about 41 at the beginning of October. Reserve note circulation was \$554,186,230, off about \$4,000,000 from the high record mark of late September. Dur-

ing last month the bank reduced by nearly \$10,000,000 its rediscounts with other Federal Reserve banks, bringing the total down to \$7,000,000. Loans to member banks totaled \$463,000,000, a moderate decrease from the high record figure of early September.

Some of the largest and most conservative banks are now lending some money at 7 per cent., which is the rediscount rate of the Federal Reserve bank, but there is still considerable business at 7½ per cent., and the minimum rate for commercial paper is maintained at 8 per cent. No easing of conditions that will affect rates quotably is expected in the next two months. Lower prices of commodities and slowing up of business generally are causing some reduction of commercial deposits, but evidence that conditions at bottom are sound is seen in the fact that savings accounts continue to increase.

The most serious difficulty with which business has had to contend is the record-breaking spell of warm weather which lasted all through October and most of September, being broken only by one little cool snap in the latter month. This brought about almost complete stoppage of the seasonal movement of winter goods of all kinds, particularly clothing, shoes and other articles of apparel. Liberal stocks as a rule had been purchased in anticipation of an active fall demand and delay in the liquidation of these accounts has been an important factor in retarding the contraction of loans. November, however, came in with welcome frostiness and the public buying response to the change in the weather was such as to give ground for

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the belief that the season's turnover will be well up to the average of recent years, which is high.

Wholesale business is less than at the corresponding time last year and in spite of drastic reductions in the prices of many staple commodities, especially textiles, merchants are still disposed to buy only for immediate wants and frequently. Some houses have lessened their road forces materially because of the lack of demand. Wholesalers and jobbers have shown a disposition to keep abreast with the downward revision of prices and sometimes a little ahead of it, in an effort to stimulate buying. Retailers have shown more reluctance to make sacrifices and force selling, especially in the country districts, and to this fact is attributed much of the slowing up of business. The cutting of prices in primary markets has been much exploited and this has led the public to expect immediate reflection of the readjustment in the charges at store counters. For this reason the retailer has been confronted with a rather difficult problem, which he has tried to solve by buying moderately of new low-priced goods and averaging down his offerings to the public, but not always to the satisfaction of customers.

The large mail order houses showed decreases in sales ranging up to 30 per cent. for October, due principally to the warm weather, but also in part to a disposition on the part of the public to do without goods wherever possible in the expectation of still lower prices a few months hence. These houses have been put to heavy extra expense in getting out new catalogs in an effort to keep in line with current price reductions and work off stocks. Under this pressure sales are in large volume, but at the cost of a material reduction in earnings.

The sharp break in the prices of grains, to the lowest levels since 1917, has inspired a movement for the withholding of cereals from the markets which is another factor in the maintenance of bank loans at a high figure. Bankers have consistently advised against this practice, presenting to farmers the argument that by interference of this kind they are only delaying the orderly readjustment to a normal basis from which they will benefit in common with all other interests. Farmers, however, are in a strong financial position, and not easily influenced by appeals of this kind. Their losses have been severe and the things they buy are not as a rule much lower. The magnitude of the year's crops and the



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offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

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smallness of export demand, nevertheless, have had a depressing effect on the markets which has prevented any material recovery in prices because of the withholding movement.

Building operations in Chicago are at an even lower ebb than in 1907, and this condition is general in the district. Prices of lumber have been reduced 40 to 50 per cent., but this is the only important material that shows substantial recession. Brick are at \$16 a thousand, compared with \$12 at the first of the year, and while there has been some modification of steel prices it is not sufficient to make much impression on the general situation. Wages have not been reduced, but there is now a considerable surplus of labor and many see in this fact an indication that by spring the principal obstacle to a resumption of activity may be removed or minimized. Many contractors have quit the field and gone into road-building. The market for road-making machinery is strong and the fact that an enormous amount of work of this kind is projected probably will be an industrial factor of the greatest importance during the coming year.

The investment market is remarkably

strong for new issues carrying current high rates of yield. This fact has encouraged the flotation of many large issues of securities by corporations and this funding of outstanding obligations has in turn had a beneficial effect on the bank loan situation. These offerings have been absorbed readily at prices giving a return of 7½ to 8 per cent. and the amount of free capital available for such investment has been a source of surprise to bankers. Municipals also are stronger and many of the best of these issues are selling on a 5.10 per cent. basis, whereas a short time ago there was little under 6. Foreign government offerings have proved very attractive because of the opportunity they offer of prolonging an 8 per cent. return over a long term—generally twenty-five years. Railroad equipment issues have been another popular market feature, some of these selling on a yield basis as low as 6.60 per cent.



### LIBERTY TRUST HAS "HOUSE WARMING"

On November 6, 1920, the Liberty Trust and Savings Bank, of Chicago, held an in-

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S. P. JOHNSON, *Assistant Cashier*

HENRY MEYER, *Assistant Cashier*  
R. V. KELLEY, *Assistant Cashier*

formal house warming at the opening of the first section of its new banking home at Roosevelt Road and Kedzie avenue.

#### NATIONAL CITY'S GOLF TOURNAMENT

The National City Bank, of Chicago, held its annual handicap Columbus Day golf tournament at the Onwentsia Club. The officers made a clean sweep of the prizes. R. U. Lansing won the first prize cup, D. R. Forgan, second, and F. A. Crandall, third. Mr. Forgan still remains champion of the institution, turning in a card of 86 for his gross score.

#### STEVENSON BROS. & PERRY, INC.

The above-named firm has opened offices at 105 South La Salle street, Chicago, for the purpose of conducting a general investment banking business, the underwriting and distribution of new issues of securities and the transaction of cash commission orders in listed and unlisted bonds, notes, preferred stock, etc.

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#### FIRST NATIONAL CHANGES

C. Hobart Chase, assistant cashier of the First National Bank in St. Louis, was promoted to vice-president and Lawson M. Watts and R. Palmer McElroy were elected assistant cashiers at a meeting of the board of directors of the bank held recently. Mr. Watts is the son of F. O. Watts, president of the bank.

Mr. Chase will represent the bank as vice-president in Oklahoma and the tenth reserve district, except the State of Colorado. He has been connected with the

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bank since 1912, when he was made manager of the transit department. He was later promoted to assistant cashier, serving in that capacity for three years. Mr. Chase is the grandson of Edward Chase, who was before his death manager of the St. Louis Clearing House Association for many years. He graduated from Central High School in June, 1903. His first bank position was in the transit department of the Mechanics



C. HOBART CHASE

Vice-president First National Bank, St. Louis, Mo.

National Bank. He was connected with the Mechanics-American National Bank, formed by a merger of the American Exchange National Bank and the Mechanics National.

As assistant cashier Mr. Watts will represent the First National in Tennessee, Mississippi, Alabama, Arkansas, Louisiana and other Southern states.

Watts was formerly a State Bank Examiner in Missouri, having been appointed while in the service of the Manchester Bank of St. Louis. He received his first banking experience with the First National Bank of Helena, Ark. He received his education at Washington University. He entered the service of the French Army in June, 1917, and later served with the forces of this country. After returning from service overseas during the recent war he became connected with the First National Bank.

Mr. McElroy was formerly connected with the St. Louis Union Trust Company. He became associated with the National City Bank of New York in 1918. Since March of this year he has been a special



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one-third of which was raised by the merchants," said Mr. Longmire. "We succeeded in prosecuting and convicting a number of fraudulent stock dealers, which has given us considerable satisfaction. We expect to continue with this Better Business Bureau, and I believe it is one of the means of purifying our situation."

The Eastern Pennsylvania group of bankers announced that they were working successfully with the Better Business Association of Philadelphia, to keep advertisements of fake stocks out of the newspapers and it was announced that similar co-operation was planned in Baltimore, New England and Canada.

#### KANSAS CITY CONSOLIDATION

The consolidation of the Midwest National and the National Reserve Banks, of Kansas City, has become effective. The consolidation will be known as the Midwest Reserve Trust Company and is organized under a state charter. At the close of the first day's business assets in excess of \$20,000,000 were accumulated.

Officers include: Chairman, William Huttig; president, P. E. Laughlin; vice-presidents, C. B. McCluskey, Harry Warren, William Huttig, Jr., J. F. Houlehan and J. H. Berkshire; treasurer, Merrit Jeffries; cashier, Harry H. Woodring.

#### CELEBRATES FIFTIETH ANNIVERSARY

The Bank of Evansville, Evansville, Wis., celebrated in October the fiftieth anniversary of the founding of the bank. The bank was founded in 1870 by L. T. Pullen.

#### IOWA BANKING SITUATION

The total assets of Iowa savings banks, state banks and trust companies on September 3, 1920, amounted to \$791,551,371.58, a decrease of \$9,311,358.10 since June 30, 1920. On the same date loans and discounts were \$631,185,207.72, a decrease of \$1,412,817.54 since June 30 last. Deposits were \$641,658,178.84, a decrease of \$16,228,313.54 since June 30.

#### CHANGES IN ST. JOSEPH BANKS

The First National Bank and the First Trust Company, St. Joseph, Mo., have announced changes in their official family effective November 1, as follows:

Frazier L. Ford succeeds as president R. T. Forbes, who was recently elected to

representative of the First National Bank. He was born in Clarksville, Mo., and was first connected in the banking business with the Farmers State Bank of Louisiana. As assistant cashier, he will represent the bank in Missouri, Illinois and all states east of the Mississippi and North of the Ohio, including Virginia and West Virginia.

#### FUND TO PROSECUTE FRAUDULENT PROMOTERS

A fund of \$12,000 has been raised by bankers, bond dealers and merchants in the Mississippi Valley to prosecute fraudulent promoters and confidence men endeavoring to induce investors to exchange Liberty Bonds and their savings for worthless stock. This announcement was made at the convention of the Investment Bankers of America at Boston by John R. Longmire, of St. Louis.

"We have raised a fund of \$12,000, one-third of which the bond dealers put up, one-third of which the banks raised and





There are two times  
when you need an ac-  
count with the Commerce

*1st: When you have surplus  
funds*

*2nd: When you haven't*

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over \$95,000,000—and making loans is part of our business.

## The National Bank of Commerce IN ST. LOUIS

the vice-presidency of Fort Dearborn National Bank, Chicago. Mr. Forbes will not sever his connection with the "First" banks, however, as he retains the chairmanship of the board.

R. R. Ridge becomes assistant cashier in place of R. N. Ridge, who continues as vice-president of the First Trust Company.

### OHIO STATE BANKS

Extraordinary gains in resources of Ohio state banks are shown by Ira R. Pontius, superintendent of banks, in a statement given out recently, based on sworn returns made by these banks under a call for a report of their condition on September 8.

The resources on that date amounted to \$1,360,349,315, the heaviest in the history of the state. This is a gain of more than \$146,000,000 over the greatest resources ever reported by these banks for this period of the year.

"This abnormal growth is all the more remarkable in view of the unusual demand made upon banks to finance the increased business and industrial activities for the year," declared Superintendent Pontius, in his analysis of the condition of these banks.

### A COMPLETE EDUCATIONAL PROGRAM

The educational program now being carried out by the Guardian Savings and Trust Company of Cleveland aims to acquaint its 600 employees with the functions and methods of each department.

In groups of fifty, members of the staff meet once a week for one hour. An officer lectures for thirty minutes on the activities of the departments under his supervision. A thirty-minute discussion follows. The course calls for fourteen addresses covering every phase of commercial and trust banking, and when all have been delivered, they will be assembled for book publication. This manual will then be given to new employees for their study.

### TOLEDO BANK SHOWS DEPOSIT GROWTH

Deposits of the Commercial Savings Bank and Trust Company of Toledo, Ohio, amounted to \$8,167,518.69 on October 29, 1920. This is an increase of over 50 per cent. in the past three years, as deposits on November 19, 1917, were \$4,611,864.74.

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THE FIRST NATIONAL BANK of Portland, Me., is using a lithographed check with the Manco Safety Tint background. A neat, impressive check, and, at the same time, a protection to them and their patrons.

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## ORGANIZATION OF CLEVELAND'S NEW \$6,000,000 BANK PROGRESSES

Wm. P. Sharer, president of the new Midland Bank now organizing, has announced that Samuel L. McCune of the Maynard H. Murch Co., Cleveland, has been selected as active first vice-president.

Mr. McCune is well known in banking and financial circles, not only in Cleveland, but throughout Ohio and the adjoining states. Although comparatively a young man he has had a long and broad experience in the banking business. His career as a banker began nearly twenty-five years ago with the Bank of Athens, Athens, Ohio, under the direction of James D. Brown, one of the ablest and best known bankers in southern Ohio.

Mr. McCune was born and raised in Athens and, after his graduation from the Ohio University studied law for a brief period in the office of Congressman Grosvenor.

When only twenty-five years of age he was tendered a commission as national bank examiner, which position he filled with credit for over nine years. For several years he had the distinction of being the

youngest man holding a commission in the Comptroller's department. During his term as bank examiner he had under his direction various territories embracing several hundred banks. When he resigned in 1911 he was highly complimented by the Comptroller of the Currency by the presentation of an honorary commission.

In 1911 Mr. McCune was selected by the banks of Cincinnati to organize and head the examination department of the Cincinnati Clearing House Association. This position afforded a valuable opportunity of becoming familiar with the operation of state banks and trust companies and served to supplement the experience obtained as a national bank examiner.

Mr. McCune became a resident of Cleveland about six years ago when he became associated with the Maynard H. Murch Company. As an official of that company and identified with many other business enterprises he has considerably enlarged his circle of acquaintances.

Wm. P. Sharer and Mr. McCune are old friends, and bankers generally are commenting on the fact that the combination should prove most advantageous to the new institution.



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BOND DEPARTMENT

**FIRST NATIONAL BANK**  
IN ST. LOUIS

In commenting upon the election of Mr. Sharer, announced several weeks ago, George A. Coulton, president of the Union Commerce National bank, and head of the Cleveland Clearing House Association, said:

"I have known William P. Sharer since his banking days at Alliance, and I regard him highly. At Zanesville he has risen to the head of one of the strongest interior banks in the section. I am glad he is coming to Cleveland."

F. H. Goff, president of the Cleveland Trust Co., said: "I am very well pleased with the selection of Mr. Sharer as president of the Midland bank. I regard him as a capable banker."

D. C. Wills, chairman of the board of the Federal Reserve Bank, said: "William P. Sharer would be an acquisition to the banking family in any community. I have known him for years, and he is well known not only among bankers of Ohio but among those of the United States. I am glad he is coming to Cleveland."

J. R. Nutt, president of the Citizens Savings and Trust Company, said: "William

P. Sharer is a banker of long experience and recognized as a conservative and high class man. In my judgment, the bank is to be congratulated upon securing the services of a man of Mr. Sharer's experience and ability. I want to welcome him to the banking fraternity."

The new bank has recently acquired the unexpired lease now held by the National City Bank in the Leader-News building, the National City Bank moving into its new quarters in the near future. The vault and fixtures were also purchased by the Midland Bank.

Mr. Sharer estimates that this deal will save the Midland Bank about \$150,000. It would cost at least this amount more to equip new quarters. Further, it obviates delay in opening the bank for business.

The Midland Bank hopes to get possession in time to open late in January. The quarters are thoroughly equipped for banking and the location is central.

The new bank opens with a capital of \$5,000,000 and surplus of \$1,000,000.

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#### THE MINNEAPOLIS BANKING SITUATION

An unusual phase of Minneapolis banking has developed during the past two months which, when interpreted, furnishes the key to the general Northwestern situation, says the Northwestern National Bank's November Review. It is an outcome of the re-

markable position which has been reached in the inevitable settling down process which is following abnormal war conditions. This is the conspicuously light financial requirements of the elevator and milling companies for September and October, hitherto invariably the heaviest months of the Northwestern year. Immediately it must be added that banks are not experiencing a lessening demand for funds from other sources as these two foremost interests press forward with a most unusual diffidence in the money market; counteracting this diminished pressure from the accustomed sources are other demands, themselves unseasonable, which more than take up the slack, continuing and even increasing the strain which banks have withstood for so protracted a period. Even—such is this counteracting pressure—the grain and milling interests are turning to Eastern markets for a share of their moderate requirements. That the aggregate credit demands are heavy in the Northwest is easily determined by a glance at the balance sheet of the Minneapolis Federal Reserve Bank. Bills discounted on October 29, 1920, were \$94,368,000, as against \$26,829,000 a year ago.

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#### THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

The statement of condition of the National Bank of the Republic of Chicago, at the close of business on November 15, 1920, shows total resources of \$41,218,477, among which are loans, \$28,140,775; cash and exchange, \$8,989,455; U. S. and other bonds, \$2,284,335, and customers' liability account of acceptances, \$916,729. The deposits are \$28,186,913; surplus, \$1,000,000; the undivided profits, \$737,945; rediscounts with Federal Reserve Bank, \$5,824,000, and capital stock, \$2,000,000.

# Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana,  
Wyoming, Colorado, New Mexico and Oklahoma

## ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

**U**NCERTAINTY has increased in the business of the Western States. The buoyancy of the last few years has given way to temporary depression. Money is very tight. Farmers have united to oppose the sale of wheat until prices advance. The disappointment of producers has reacted on mercantile business. More stability is needed on markets for the products of the Western States to effect improvement in general business. The present uncertainty will disappear only when all interests become reconciled to a readjustment in prices which will more nearly fit the credit resources of the country.

Instead of improvement, the past month brought further tension in money markets of the Western States. Loans in the southern portion of the western territory, particularly in Kansas, Nebraska and Oklahoma, reached new high record totals. Declines in prices of wheat, cattle, corn, hogs, sheep, lumber, wool, cotton, copper and other products were not followed by an improved demand. Buying, in fact, decreased in volume, as often witnessed on declining markets. The action of wool was particularly disappointing, for the fleece should normally have been marketed many weeks ago and is tying up funds in the range states. Keen disappointment was manifest over the drop in corn to practically a pre-war level. The weakness in corn stimulated purchases of cattle for feeding purposes, thereby adding to the tension in money. Mercantile interests felt the influence of the smaller returns from the sale of farm and range products to a serious extent, for they, too, found more difficulty in making sales and liquidating their loans at banks.

Reduced sales of grain, cotton and live stock, together with borrowing for winter feeding, explain the greater stringency which developed in money markets. At Omaha, for example, a farmer who reported holdings of 10,000 bushels of wheat came to his commission man for a loan with

which to purchase sheep for feeding purposes. He said he was holding his wheat for higher prices. Numerous instances of such borrowing were reported by live stock trade interests. The live stock money, of course, will come back next winter and spring when the stock is fattened. It is already certain that the Western States will have liberal supplies of fat stock to sell, for foodstuffs are so cheap, comparatively speaking, that meat-making is being stimulated. The declines in cattle retarded marketings from ranges carrying an abundance of feed, the holders pleading with banks for an extension of their loans in many cases to permit them to fatten their stock. This doubtless added to the tension in money.

Winter wheat seeding, which was conducted under almost ideal conditions, also absorbed a liberal supply of funds. The gathering of new corn necessitated expenditures for labor. With the approach of winter, however, farm expenses will decline to the satisfaction of the hundreds of country bankers now seriously pressed for funds. The main activity of farmers in coming months should center on the marketing of crops, for the abundant harvests are made.

An element in the banking situation of the Western States which is comparatively new is the wider absorption of investment securities by the public. This may be traced in part to the Liberty Loan bond campaigns. Many investors, appreciative of the upward trend of bonds during periods of declines in commodities, have been absorbing new and outstanding capital issues in liberal volume, thereby reducing bank deposits.

Not only the reports of individual banks, but the figures of the Federal Reserve banks of the Western States emphasized the strain which prevailed and still prevails in money. The Dallas, Kansas City and Minneapolis Federal Reserve banks, for example, reported combined reserves of around 40 per cent., which is low. But a study of the position of these central banks revealed a greater strain than the reserve ratios indicated on the surface. Each of

## *In The Great Northwest*

Bankers and business men anxious to obtain accurate and exact information concerning credit data, industrial possibilities and a general knowledge relative to the Pacific Northwest will find a comprehensive, reliable and complete service here.

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# **Scandinavian American Bank**

*Pacific Avenue at Eleventh Street, Tacoma*

these banks borrowed heavily from other central institutions. Had they been unable to rediscount their paper with other central banks, the Dallas institution would have been forced to report a reserve ratio as low as 14 per cent., the Kansas City bank around 18 per cent., and the Minneapolis Federal Reserve Bank around 17 per cent. No other central banks in the country made so poor a showing.

Washington threw light on the position of the Western States during the month. The conferences at the national capital between farmers' organizations and the Federal Reserve Board and Secretary Houston told a story of the unwillingness of farmers to sell their crops, mainly wheat and cotton, at current prices and of their desire for more credit. Opposition to selling crops had been felt for weeks, but the Washington conferences directed national attention to the situation confronting banks in agricultural areas. Only commendation was heard from bankers on the course pursued by the Federal Reserve Board and Secretary Houston. Certainly, the bank figures for the Western States show that bankers have been very generous, if not too liberal, in extending loans to farmers and that credit resources have been almost exhausted. While Washington made it plain that farmers cannot expect special credit assistance, the determination of many farmers, together with their unrest, failed to break up opposition to selling and the inauguration of needed liquidation. In Oklahoma the state bank commissioner urged in a general letter to the banks under his jurisdiction that they must pay off their outside loans. In Kansas country banks began to advertise in their local papers as to the advisability of liquidating loans. But it is plain liquidation will be slow unless better markets are witnessed from the viewpoint of farmers.

As November opens, the outstanding phase of the business and money situation is the farm wheat holding campaign inaugurated a few days ago officially by the new Wheat Growers' Association. In some communities picketing is being resorted to by farmers to check wheat marketing until prices rise. The campaign is really proving more effective than anticipated. Farmers not in sympathy with it succumbed in instances to the derision of their neighbors. Some farmers secretly hauled wheat at night. The campaign, it must be said for farmers, was started officially at an opportune time. The December delivery month is approaching in future wheat markets. Visible stocks on these markets are light. Exporters have much wheat sold for shipment the next three months with the expectation of obtaining the grain as they need it. As a result of these influences, the so-called farmers' strike or campaign for higher wheat prices has thus far met with some success. While \$3 a bushel is said to be the goal of the farmers, it is believed that they will sell more freely when \$2 can be obtained on farms, compared with \$1.65 to \$1.75 at present.

Finding themselves heavily loaned up and their cash accounts on the decline, country bankers have been borrowing as freely as possible at reserve cities, coming personally in quest of funds in larger numbers than in many years. Some who inaugurated pressure for the sale of wheat and other crops in their communities encountered united opposition and even threats from farmers. The country banks with a liberal sprinkling of farmers among their stockholders found themselves in the tightest position as a rule.

It is encouraging to note that farmers have acquired a somewhat better understanding of the money situation as a result of the past month's agitation at Washing-

ton and elsewhere by their leaders. This will assist in relieving the tension many banks are feeling, as farmers are more appreciative than a month ago of the necessity for halting spending and withdrawals of their deposits so long as they are not selling crops in normal volume.

Declines of about \$3 per hundredweight on hogs, about \$1 on cattle and sheep and \$25 a head on mules and horses were recorded on live stock markets. Hogs and fed cattle are still weak, with little strength in the sheep trade, which is feeling the weight of depression in wool and importations of Australian and New Zealand mutton. Sheep prices are at the lowest level since the last quarter of 1916, while hogs are lower than at any other time since the opening of 1917. Cattle are at the lowest level since 1917. Happily, range live stock interests will go into the winter with an abundance of feed. Sheep and lamb fattening operations are sharply reduced compared with a year ago, but this is more than offset by the foreign mutton being brought into the United States. These imports are stimulating tariff agitation in the big sheep and wool states just as the entrance of Canadian wheat into this country is bringing demands for a tariff wall from grain growers.

In grain markets exporters have furnished the principal outlet for wheat. Millers have been poor buyers, as consumers and wholesalers are slow to accumulate flour in view of the declining commodity markets. The decision of the United States Shipping Board to reduce the differential in ocean freight rates on flour from 25 cents to 5 cents per hundredweight over wheat is expected to stimulate export business in flour and improve conditions in the flour milling industry. There is little demand for corn and other feedstuffs, owing to the generally large production.

Prices of lumber show a decline of fully 50 per cent. compared with the peak of the market last February. Copper declined three cents a pound the past month. Crude oil is still unchanged, but refined products have been weak, and the influence of tight money in discouraging accumulations of refined products during the winter probably will depress crude oil. Railroad service shows improvement, but there is still a shortage of cars in some communities for

moving grain. The high freight rates are proving seriously burdensome to Western lumber, fruit and hay interests, who have begun to urge revisions now that their products have declined sharply. Labor is in larger supply, with wages tending downward. The presidential election campaign wielded only a small influence on business and its close is not being followed by important changes.

#### BANK CONDITIONS IN WICHITA BANKS

As indicated by the reports of the four national banks of Wichita, Kansas, at the close of business September 8, 1920, there has been a decrease in loans since the last report and a noticeable increase in cash and sight exchange, indicating an improved condition since June 30. The deposits in the four banks have increased nearly \$2,000,000. They are \$28,496,199.29. The following figures are taken from the bank reports: First National, loans and discounts, \$12,329,884.68; cash and sight exchange, \$5,559,796.59; deposits, \$15,630,906.28; Fourth National, loans and discounts, \$8,021,193.12; cash and sight exchange, \$4,552,657.40; deposits, \$10,698,182.05; Union National, loans and discounts, \$945,554.44; cash and sight exchange, \$365,249.05; deposits, \$1,257,114.50; Union Stock Yards National, loans and discounts, \$758,236.63; cash and sight exchange, \$410,312.11; deposits, \$909,996.46.

#### FRANK J. DENISON

Frank J. Denison, president of the Drovers National Bank of Denver, who has been identified with the banking business of Denver for a quarter of a century, has been appointed active vice-president of the Hamilton National Bank.

#### FIRST GUARANTY BANK OF BISMARCK

The First Guaranty Bank of Bismarck, N. D., has moved into its new home. The banking rooms are large and ample for the purpose and are fitted with all conveniences. The latest improvements are installed in the vaults. The officers are: F. A. Lahr, president; E. V. Lahr, cashier.



# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,  
Arizona and Alaska.

## ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

**A**LTHOUGH there has been no reduction in the aggregate of loans held by banks, and the amount of paper rediscounted increased in volume, the financial situation shows signs of improvement. Interest rates have not yet shown evidence of the influence of an easier credit situation, commercial paper still ruling at 8 per cent., although there has been an easing off of one per cent. on prime paper purchased in the open market in Los Angeles. The bond market is very active and houses are principally concerned in securing sufficient good securities to supply the demand. There is a dearth of new municipals and few corporations are doing any new financing. Bank clearings increased throughout the Twelfth Federal Reserve District 13.4 per cent. over the figures of the corresponding month of last year. General improvement is reported in transportation conditions. This has aided in the reduction of country bank obligations, as Western products are being moved eastward in a satisfactory manner. Building permits for the month in all the principal cities showed good gains over the preceding month, although the last few days have shown some falling off in permits due to a tendency to await further reductions in the cost of building materials. Retail food prices are just beginning to feel the effect of the general price decline. Recent snows in the mountains have altered the power situation in California and the last of the power restrictions have been removed. Early rains throughout the

state have been favorable to farming interests and the belief is that a wet winter is going to make up for the deficiencies of the last three dry years. The wool market is dull and irregular, although there has been some inquiry for better grades of long staple wool. Banks of Los Angeles have joined in an arrangement to finance the cotton crops of California, Arizona and New Mexico, to the amount of two and a half million dollars, loans to be made to local banks upon their endorsement of growers' notes. The California rice crop is causing considerable concern. Last year growers received as high as \$7 a cental, while this year the offering price is \$3.30. As estimates of cost vary from 3 to 4 cents a pound there will be some severe losses suffered unless there is a change in market conditions.



## BANK DISTRIBUTES 150 BUCKS

Following its policy of community development and improving the live stock of the region, the First National Bank of Bend, Oregon, has just imported 150 pure bred Cotswold bucks, which are being distributed among its range sheepmen upon a year's time. These sheep were secured from the Deseret Sheep Company of Idaho, the largest breeder of pure bred Cotswolds in the United States.

Central Oregon annually ships about 100,000 lambs and experience has shown that 75 per cent. of these lambs are not what they should be, due to the use of poor bucks. The bank through its service department this season disposed of some 10,000 lambs for its customers at  $\frac{1}{2}$ c more than the prevailing price. In the course of this work it was noticed that the straight cross bred lamb from the fine-wool range ewe and pure bred coarse wool ram brought the highest price and was most eagerly sought after by the buyers. Accordingly, the bank made arrangements to dispose of some 35,000 of these improved market lambs next season and to further this enterprise brought in one Cotswold bucks from Idaho. They are being distributed at actual cost

### Bank of Bishop & Co., Limited

Established 1853  
HONOLULU, T. H.  
Cable Address, "Snomad"  
Capital and Surplus . . . . \$1,722,590  
OLDEST AND LARGEST BANK IN THE  
ISLANDS. COMPLETE AROUND THE  
ISLANDS COLLECTION SERVICE.  
PROMPT REMITTANCES.



among the stockmen of Lake, Crook and Deschutes Counties and through special arrangement with the Deseret Company, sheepmen are getting a year's time with no interest charged on the note taken in payment of purchase of sheep.

Traffic was blocked in the streets of Bend at the time that the 150 bucks were driven up in front of the bank and posed for their pictures.

The response by the sheepmen has been so much better than was at first expected that Vice-President R. A. Ward will leave shortly for Idaho, to purchase another car of bucks.

#### CONFERENCE OF THE NORTHWEST BUILDING OWNERS AND MANAGERS

The conference of the Northwest Building Owners and Managers held at Spokane on October 15 and 16 was attended by representatives from the cities of San Francisco, Cal.; Portland, Ore.; Tacoma, Seattle and Spokane, Wash., and Vancouver, B. C.

These conferences are held twice yearly for the purpose of presenting for discussion various kinds of data on matters of design, construction, operation and finance in the interest of better building management.

W. J. Kommers, president of the Union Trust Company of Spokane, spoke on the "Future of Office Buildings as an Investment," which subject is probably one of greatest importance to every progressive city. This speaker was especially well qualified to intelligently handle this question, as in addition to his daily contact with financial matters, he is the directing manager of one of the best office buildings in the Northwest, the Old National Bank Building of Spokane, and therefore his conclusions were drawn from an observation of the difficulties that are present in undertakings of this kind. His opinion was that money at low interest rates is not possible in the near future, that office buildings in general have not heretofore yielded a fair return on the investment, nor are they at present under the prevailing rentals and that for new construction, capital will be difficult to obtain unless the yield on the investment will be equivalent to that returned in other lines.

#### CALIFORNIA CROP PROSPECTS

Weather conditions in California during the month have been generally favorable to farming interests, says the financial letter

of the American National Bank of San Francisco. While early rains have fallen in nearly all parts of the state, the slight damage to drying fruits, to tomatoes and rice, was more than offset, on the whole, by the good accomplished in starting grass growing and in furnishing water to the streams in the mountains. Already there is snow in the high Sierras, and the earnest hope is that a wet winter will make up for the deficiencies of three dry years. Reporting as of October 1, the Federal Bureau of Crop Estimates fixes the composite condition of all California crops as 7.7 per cent. lower than their ten-year average on that date. Last year at the same time the composite condition was .5 above the ten-year average. The most disappointing yields are in beans, almonds, apples and cotton, while hops, oranges, lemons, corn and peaches are above the average in yield and quality.

The immediate movement of fruit is chiefly concerned with grapes, which are going to market in large quantities.

#### ITALIAN BANK CHANGES

The Italian American Bank of San Francisco has increased its authorized capital from \$1,000,000 to \$2,000,000 and the number of its directors from twelve to eighteen, in addition to electing two vice-presidents.

The increase in the bank's capital was necessary in order to properly take care of its increased business. An expansion of its foreign department is contemplated also. Of the increased capital, \$250,000 has already been issued, bringing the bank's paid-up capital, surplus and undivided profits to \$1,500,000.

A. E. Sbarboro, cashier of the bank since its organization, was elected vice-president and also to the directorate, as was Max F. Roesti, until recently assistant cashier of the National Shawmut Bank of Boston. The latter will devote his time principally to the development of foreign business in connection with new affiliations established by the bank in Europe and South America.

The affiliations of special interest to Pacific Coast exporters are the Banco Italiano of Peru and the Banco Frances de Chile in Santiago and Valparaiso.

Dr. G. Pedrazzini, New York agent of the Banca Commerciale Italiana, and director of the Lincoln Trust Co. of New York, and Joseph Di Giorgio, president of the Earle Fruit Co. and a director of Lincoln Trust Co., were elected directors.

# Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

## ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

**T**HE slump in the wheat market has tended to hold up the movement of the export surplus from western Canada which is such an important factor in the financial and commercial affairs of Canada. In addition there is a shortage of cars in the West. The outlook, therefore, is that there will be considerably under the expected 75,000,000 bushels moved out before the close of internal water navigation. Buying by Western American mills of hard wheat for flour grading purposes has helped the situation, but has been followed by an agitation for tariff restrictions against Canadian exports. The effect on the banking situation has been to call for large grain credits and to delay payments of loans. This reflects on commercial and industrial advances and has tended to create very tight money conditions.

During the month of September current loans expanded by \$32,000,000 which may be regarded as a direct effect of the grain movement. At the same time there was an increase of about \$40,000,000 in demand deposits, indicating larger funds held available for immediate use. A reduction of call loans in Wall Street was one of the sources from which the required funds for the grain movement was secured. Foreign loans increased during the month by \$1,600,000 and foreign deposits were down by \$1,300,000. These changes lose significance as an argument against foreign activities by the banks, however, when it is pointed out that during the past year foreign deposits have increased by about \$100,000,000 and foreign loans by only \$50,000,000.

For some months there has been a tendency to curtail current loans for commercial purposes prior to the crop movement, but the fact that at the first of October these were higher by about \$360,000,000 than a year before is an indication that business has not been cramped. During this period and while foreign deposits increased \$50,000,000 more than foreign loans, Canadian deposits increased only \$69,000,-

000 as compared with the \$360,000,000 expansion of domestic credits.

The banks have been making an effort to differentiate between loans for speculation and loans for productive purposes, particularly since it has been realized that the top of the price movement for commodities had been reached. The controversial point arises as to whether the banks caused the recession in prices or whether they merely foresaw an inevitable economic adjustment—with the weight of the argument with the bankers. In any event the opinion and the hope are both being expressed that with the decline in commodity values there will be some deflation in the commercial credit situation and an attendant reduction of commercial loans. This should be emphasized when the strain of the crop movement passes.

Since the signing of the armistice the banks of Canada have opened a total of 1,476 new offices and during the same period closed only 88, making a net gain of 1,388. There are several features worthy of comment. In the first place this has meant a serious staff problem. There has been no material reduction in the staffs of previously established branches. Perhaps in no other country could so many new banks have been efficiently manned in so short a time. The answer is, of course, the branch bank system and general standards applied to all parts of the country. The question of absorbing employees returning from the war and of retaining the many girls who filled in during the period of the conflict has never become a problem; in fact the difficulty has for some time been to get employees and some of the banks are bringing out "drafts" from Scotland. Then the opening of such a large number of branches, particularly in western Canada, is an effective answer to the agitation against the banks that service is for the large centres only.



ROYAL BANK OF CANADA AND  
BANK OF MONTREAL

Profitable banking conditions in Canada  
as reflected by the annual statements this

## Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



For further particulars write

Foreign Department  
**Standard Bank of Canada**  
**TORONTO**

Resources over - - - - \$100,000,000.00

year are indicated in the action of the directors of the Royal Bank of Canada and the Bank of Montreal in adding a bonus of two per cent. to the last quarterly dividend of three per cent., making a total distribution for the year of fourteen per cent. In making the announcement, it was pointed out by the Bank of Montreal that there had been no increase in rate of interest to borrowers in Canada. The extra distributions are the result of successful operations and the added value of money of the banks employed outside of Canada in the nature of reserves. At the same time it may be taken that these bonuses would not have been distributed unless the directors had reasonable assurance that a fair measure of prosperity would mark the banking operations of the immediate future.

### BRITISH-CANADIAN FINANCE

Arrangements are being completed for the steady wiping out of the debts Great Britain owes the Canadian banks. Early this year the final payment was made of a loan of \$50,000,000 that had been made for the purchase of wheat in Canada. This left the separate amounts still owing as follows:

\$50,000,000 of the date of October, 1917, provided by the Canadian banks for the purchase of cheese and other food products.

\$75,000,000 and another amount of \$25,000,000 provided to the Imperial Munitions Board in 1916, or a total in three amounts of \$150,000,000.

Of these amounts the first \$50,000,000 is due at the present time, while the \$75,000,000 is due in March, 1921, and the \$25,000,000 is due in June of next year.

The gradual wiping out of these amounts should materially improve the liquid condition of the Canadian banks.

### NEW BANK BRANCHES

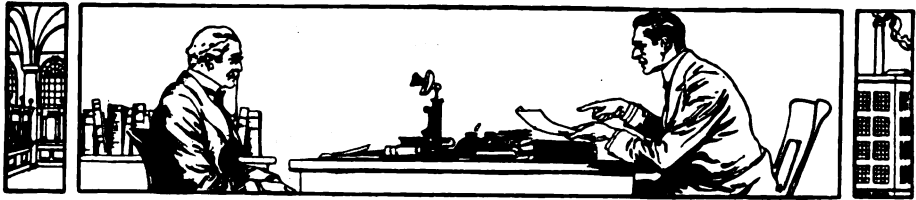
During the month of September the Canadian chartered banks opened sixteen new branches and closed three, the net gain for the month being thirteen branches. This brings the total number of branches opened for the first nine months of the year up to 363, and the branches closed to twenty-eight.

The figures following, compiled by the Financial Post, show the number of branches opened and closed during each month of the present year:

	Opened	Closed
January .....	48	3
February .....	38	1
March .....	59	4
April .....	49	3
May .....	49	5
June .....	36	1
July .....	36	4
August .....	32	3
September .....	16	3
	363	28

### EXCHANGE AND DUTY

The Commissioner of Customs at Ottawa has ruled that the duty on goods from Great Britain and other countries in Europe where exchange rates are favorable to Canada are in future to be estimated upon the gold and not the par value of the currency in the country from which the goods are



# The New Business Department

By T. D. MACGREGOR

Author of "Pushing Your Business," "9000 Points for Financial Advertisers," "Bank Advertising Plans," "The Book of Thrift."

**T**HE "intensive" cultivation of present customers of a bank and the systematizing of efforts to secure new ones are the keynotes of this book by T. D. MacGregor, the well-known writer on thrift and financial advertising.

This handy volume, the fourth of the "Bank Department Series," is largely the fruit of the author's having been for some time an important member of the Department of Publicity and New Business of the Guaranty Trust Company of New York, the largest and most thoroughly organized department of that kind in existence.

#### SAME PRINCIPLES APPLY TO SMALLER BANKS

While some of the ideas and methods suitable for use in pushing the business of the largest trust company in the world—with resources of over \$500,000,000—undoubtedly would not be adaptable to the requirements of the average bank or trust company, still the principles and practice in general are the same no matter what the present size of the institution to be advertised and developed.

But the points brought out and the new business-getting plans described are by no means confined to those employed by any one institution. The author's long and successful experience in every phase of financial advertising has brought him into contact with many bankers and

advertising men. He is familiar with the many problems of getting new business for financial institutions and has a first-hand knowledge of how to solve them.

Besides Mr. MacGregor's text, the book contains the prize paper on "New Business and Analysis of Accounts" by James B. Birmingham of the National City Bank.

This paper won the 1917 Cannon Prize given by New York Chapter, American Institute of Banking, for the best two-thousand-word paper on this subject. The judges of the contest were Fred W. Ellsworth, secretary Guaranty Trust Company; G. Edwin Gregory, vice president National City Bank, and Harry E. Ward, vice president Irving National Bank.

#### ONLY BOOK ON THE SUBJECT

"The New Business Department" is unique in its field. There is absolutely no other published work on this subject. If you want to have a concise yet complete idea of how to conduct a Publicity and New Business Department in your bank, large or small, you will need this book as an inspiration and guide. It is worth many times its price—**\$1.25**—to any bank or trust company that wants to make the most of its opportunities both in developing present customers and in getting new ones.

**BANKERS PUBLISHING COMPANY, 233 BROADWAY, NEW YORK**

Please send for free examination Mr. MacGregor's "NEW BUSINESS DEPARTMENT." After five days' examination I will return it or remit the price, \$1.25.

NAME.....

BANK.....

Nov 1920 ADDRESS.....

shipped. Goods, therefore, bought in the United States will be valued in terms of Canadian funds. This will make the import duties vary in accordance with the premium on New York funds. On the other hand, goods from the United Kingdom and European countries will be valued upon the basis of the current depreciated rate of exchange.

THE CANADIAN WAR DEBT

Next to the United States, Canada is the belligerent who emerged from the world war with a relatively moderate debt encumbrance compared to the burdens of the European belligerents. It is costing the United States less than \$9.50 per capita yearly for interest on the national debt. The per capita interest cost to Canada is \$15, which is less than half of what it costs Great Britain and one-third of what France is spending to carry their national burdens.

The story of how Canada "came through" after tremendous war effort is vividly presented in the following tables from "The Dominion of Canada," a study just completed by the Bankers Trust Company of New York:

From another angle the study demonstrates the stability of the Canadian public

sibility of its extinction without undue strain upon the national income:

**DOMINION DEBT STRUCTURE MARCH 31, 1920**  
(000 omitted)

Funded debt .....	\$2,550,398	
Temporary loans .....	73,956	
Bank circulation and redemption fund .....	\$5,959	
Savings banks .....	42,000	
Trust funds .....	13,500	
Province accounts .....	11,920	
Miscellaneous and banking accounts .....	33,967	107,346
Dominion Notes .....		311,900
<b>Gross debt .....</b>	<b>\$3,043,600</b>	
National wealth estimated at....	\$18,000,000	
Percentage of gross debt to national wealth .....		19%
Estimated net annual interest charge on whole debt .....	\$135,000	
Annual sinking fund to extinguish gross debt in 75 years; improved at, say, 3% .....	7,500	
Annual charge for 75 years to meet interest on, and to amortize by sinking fund, principal of gross debt .....		\$142,500
National income estimated at...	\$2,500,000	
Percentage of annual interest and sinking fund charges to annual national income .....		5.68%

DEBT AND INTEREST CHARGE COMPARED WITH ESTIMATED WEALTH AND INCOME OF CANADA AND OTHER BELLIGERENTS IN THE LATE WAR  
*Per Capita Basis*

(Figures are in Millions)

Population	Nation	Debt	Wealth	Interest	Income
9	Canada .....	\$338	\$1,777	\$15.00	\$277
107	United States .....	224	2,803	9.45	560
46	Great Britain .....	828	2,608	36.95	361
40	France .....	1,150	2,250	45.00	300
36	Italy .....	500	1,388	19.44	222
60	Germany .....	1,050	.....	48.33	.....

debt and the safety and convertibility of the banking and currency credit fund by means of which the trade and commerce of the dominion are largely carried on.

The appended table submits a complete picture of Canada's debt and of the pos-

Commenting on the steps taken by the Dominion to dispose of its debt problem the Bankers Trust Company says:

"The gross debt amounts to three billion dollars compared to estimated national wealth of sixteen billions and estimated national income of two and one-half billions.

"Important changes in taxation were introduced in 1920. The latest estimates indicate that Canada will have a revenue during the fiscal year ending March 31, 1921, which will establish a record in Canadian receipts. The estimated total revenue is placed at \$600,000,000, which is fifty per cent. in excess of last year's record.

"Some idea of the increase in taxation to enable Canada to meet her obligations may be gathered from comparison with the aver-

**The Bank of Hawaii, Ltd.**  
 HONOLULU, HAWAII  
 Cable Address, "Bankoh"  
 Capital, Surplus and Undivided Profits .....\$1,686,000  
 Total Resources .....11,094,000  
 C. H. Cooke, Pres.  
 E. D. Tenney, Vice-Pres.  
 Roxor Damon, Cashier.  
 Enrichment of Letters of Credit through close connections on each Island, collections promptly executed.

age revenue of five pre-war years, amounting to \$137,450,000."

This year's estimated revenue, according to the Bankers Trust Company, will be sufficient to meet all interest and pension charges, all expenditure under the consolidated fund accounts, and also to pay something on the principle of Canada's national debt.

#### MOLSONS BANK

A satisfactory year's report by the Molsons Bank has been submitted to the shareholders. Profits were slightly under \$4,000 more than in the exhibit of a year ago, which, up to that time constituted a record in the history of the bank, the 1920 results in this respect being \$822,718, compared to \$818,802 last year, and \$712,485 in the previous twelve monthly period.

The showing as to profits, considered before the usual deductions for Government taxes, pension fund, and other allowances, is equivalent to 20.5 per cent. on the outstanding capital stock of the company, against approximately the same figure last year, 17.8 per cent. in 1918, and 15.4 per cent. in 1917.

After all deductions were made there remained a balance at the credit of profit and loss account of \$518,092, against \$275,435 in 1919, the showing in this respect being influenced by the fact that no addition was made to the reserve account of the bank this year, compared with \$200,000 a year ago, and \$100,000 in the 1918 period. The reserve of the institution stands at \$5,000,000, with the outstanding capital stock obligations a million lower.

#### CONDITION OF CANADIAN BANKS

Total assets of all the chartered banks of the Dominion of Canada on September 30, 1920, amounted to \$3,140,014,769. Paid up capital of all the banks was \$126,927,040 and the amount of rest or reserve fund was \$130,325,640. The highest rate of last dividend declared was sixteen per cent. and the lowest seven per cent. On this date the total amount of notes in circulation was \$231,094,885. The total amount of current gold and subsidiary coin held was \$81,037,676.

#### CANADA AS A FIELD FOR INVESTMENT

"Canada as a Field for Investment" is the title of an interesting booklet just issued by Wood, Gundy & Company, 14 Wall Street, New York, outlining the resources of the Dominion. Contained within the booklet are also complete statistics pertaining to the War and Victory Loan bonds of the Dominion.

William L. Ross & Co., of Chicago, have reprinted in pamphlet form an investment letter by John Moody which discusses various investment opportunities in Canada.

#### "A CANADIAN PLANT—WHY?"

The Union Bank of Canada has issued a booklet with the above title summarizing the reasons why American plants are being established in Canada at the rate of one a week. It suggests a method of holding the trade of the United States' greatest customer—the British Empire.



# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FOURTH YEAR

DECEMBER 1920

VOLUME CI, NO. 6

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## The Old and the New Year

**T**HAT there is any necessary connection between the ending of one year and the beginning of another in the effect upon business represents, perhaps, nothing more than one of our persistent traditions, and yet it is the almost invariable custom of all publications at the close of the year to make a survey of conditions during the preceding twelve months and upon this basis to attempt a forecast of the course of business during the coming year. It is not the purpose at the present time to follow this custom in any detail, but merely to take a glance at some of the most pronounced developments of the year now closing and their effect on the future course of trade and finance.

The chief characteristic of the year 1920, so far as it relates to the business of the country, has been the attempt to curtail credit within reasonable bounds and to check the rapidly growing inflation in nearly all lines of business. When the complete figures for the year are compiled, they will probably show that, while there has been no actual reduction either in the country's credit or currency, the ratio of expansion has been diminished, while there has undoubtedly been a very substantial decline in prices. This decline is still going on and will probably be carried over a considerable period yet to come. This gradual liquidation will avoid the shock which would have been inevitable had the reduction in prices been brought about suddenly. It must be set down to the credit of the wise and careful policy inaugurated and carried forward by the Federal Reserve Board that the liquidation thus far has gone on in such an orderly manner. One has but to recall the crashes of 1893 and 1907, when underlying conditions were far less serious than they now are, to realize how great has been the transformation in our means of bridging over financial and commercial crises.

It would be a display of over-confidence to assert that we are yet through with the worst of the difficulty. All that can be said is that the quite serious strain which has been endured since the restricted credit policy was initiated in the spring of 1920 has been borne thus far without causing any serious disaster. Having thus

borne the first impacts of the shock, we should be better prepared for whatever other trials the future may hold in store.

The most hopeful thing that can be said, with respect to our industrial and financial situation, is that we seem to be emerging from the condition of confusion which the war brought about and are gradually finding our way toward the adoption of plans and policies for genuine reconstructive work.

While the ambitious League of Nations programme has failed to receive public approval, we are apparently on the eve of finding some means of untangling the situation which our failure to adopt the Peace Treaty brought about and to arrange a settlement consistent with American institutions, traditions and interests.

We are also gradually shaping our financial mechanism to meet the demands of foreign countries and to take advantage of the opportunities which the situation presents for the extension of our trade and the co-operation of our financial interests in the development of the resources of foreign countries, and especially toward the most urgent demands for reconstruction in some of the war-devastated countries of Europe.

It is hardly an expression of mere optimism to say that the outlook for 1921 is decidedly better than for the closing half of 1920.

The large and growing unemployment of labor may seem to contradict this hopeful outlook, but it is probable that this unemployment has been due to the derangement in the foreign exchanges and that when the nations thus affected have taken the necessary steps to bring about a reformation of their currency and the United States shall be in a position to take advantage of its trade opportunities in these countries, labor in the United States will again be fully re-employed.

There is some comfort to be obtained in the reflection that, while trade and financial conditions in the United States are far from being in as satisfactory a condition as could be desired, they are at least more favorable than in any other country in the world. This favorable position offers to our business and financial interests the opportunity of being of very great service to the other countries less favorably situated.



## The Disappointed Hopes of Mankind

ONE of the many sad features of the Great War consisted in the shock which it brought to those who had donned their robes in anticipation of the millennial dawn. This dressing up for that joyous time really seemed warranted, judging from the many eloquent expressions from leading statesmen and others to the effect that humanity was standing in the light of a new day.



Since these expressions were indulged in, this light seems to have been very much dimmed.

Unfortunately there is nothing in the present outlook to justify these extravagant hopes, nor does the reading of history furnish any solid basis for believing that in the future the world will be much different from what it has been in the past. If this statement appears somewhat pessimistic, the conclusion can nevertheless not be escaped that it is merely a case of looking facts in the face. It was long ago wisely declared that things are as they are and consequences will be what they will be. Failure to recognize this truth has caused many serious difficulties.

Nothing is more futile than to hope that the course of history is to be altered by mere declarations, or some special piece of machinery. The eloquent speeches made at the Peace Conference by President Wilson and Mr. Lloyd George failed to alter the real disposition of the peoples lately engaged in the Great War, nor has the institution of the League of Nations thus far curtailed the propensity of nations to make war upon one another.

Of course, both eloquent expressions and improved machinery may be evidences of changes of heart and thus be matters of great importance; but until this change of heart has taken place, all such expressions and expedients have little significance.

After all, the only hope of permanent human betterment comes from a reliance on changes in individual character. So long as mankind are content to remain ignorant and foolish the statesmen of the world will see to it that their desires are translated into action.

It is no evidence of pacifism to declare that war as a means of settling international disputes is indefensible. Nevertheless, the people of the world seem determined to maintain that costly expedient. Until racial antagonisms and commercial greed are wholly extirpated from the human mind, it cannot be expected that the different nations of the world will dwell together in harmony, and whenever their clashing ambitions become strong enough, inevitably they will lead to war in the future, as they have done in the past.

We have seen that the exalted sentiments professed by the different nations have no effect whatever in preventing war of the most brutal sort, nor does the colossal expenditure involved cause any hesitation to invoke this expensive method of settling international difficulties.

Under these circumstances, all that any nation can well do is to shape its dealings with other countries in a manner that, while protecting its own interests, will not unnecessarily offend the susceptibilities of other countries. A nation that expects to maintain its existence unhampered by the dictation of other countries must keep

in such a state of military and naval preparedness as will preclude other nations from attacking it.

It is somewhat humiliating that reflections such as these must be entertained at this season of the year; but what other sentiments can be honestly expressed in view of what the world has so recently experienced? A year before the outbreak of the European War we were all talking of the wonderful advance the world had made toward human brotherhood. We can now see how utterly deceptive these hopes were. It would be comforting to feel that the pessimistic sentiments above expressed should likewise prove wide of the mark.

Much reliance has been placed on the enlightened opinion of mankind; but, viewing the march of the human race adown the dusty highways of history, it is difficult to discern any clear indications of such enlightenment. Precisely the same mistakes are being made now as occurred thousands of years ago, and doubtless they will persist thousands of years hence. All of this does not imply that considerable progress has not been made. In fact, mechanical invention has so multiplied and cheapened production that we can still indulge in the lavish expenditures which war entails and have enough left over to make the condition of the average person infinitely better than it was in previous epochs of the world's history. This is why thoughtful statesmen and economists are not disposed to regard the burdens imposed by the recent war as of crushing weight. The wealth of the world grows so rapidly through improved means of production and exchange that the void which the war created will be filled within a reasonable time.

The effort to get all men to think alike is about as hopeless as the plan to impose a universal language upon all the peoples of the world. Nations differ in their objects and ideals, and no sentiments, however eloquently expressed, and no machinery, however carefully constructed, can alter this fact.

So long as the people of one nation regard those of other nations as inferior in some respects, or as not possessing rights which should be scrupulously respected, it is idle to hope for the cessation of war. The nation which regards itself as the superior will in the long run be guilty of oppressive action toward the nation considered as inferior, and whenever the latter nation acquires a sufficient degree of national spirit and has the means of enforcing its rights, the aggression of the supposedly superior nation will be resented. Does anybody suppose that the insults which have been heaped upon China in recent years, and the appropriation of a large part of its territory by various foreign powers, would be endured by that great country for a moment should the slumbering patriotism of its people be aroused and a sufficient degree of military and naval strength be attained to protect the country against the nations that have insulted

its dignity and appropriated its territory to their own use? We know already what has happened in the case of Japan.

It is very easy to say that if nations in dealing with each other should be governed by the same standard of ethics as that prevailing between individuals, one of the chief causes of war would be removed. This is very true, but as a preceding condition it is essential that the people of one country should realize that the peoples of other countries have rights as well as they themselves. In other words, that international relations, like those of individuals, should rest upon a reciprocal basis.



## The Orderly Marketing of the Crops

**P**ERHAPS never before in the history of the United States has the necessity of providing adequate means for the orderly marketing of farm products been brought so sharply to the public's attention as has been the case in recent months. Naturally, with the present disposition to turn to the Government for help in time of trouble, and with a banking system largely under the direction of the Federal Government, it was to be expected that the farmers would look either to the Federal Reserve Bank or to the Treasury to pull them out of their present unenviable position. It must have been very disappointing to a class of people who have received so many kind words from politicians to have their demands quite brusquely denied. The politicians and Government officials have been fond of telling us that the farmer is the backbone of the nation and that all of our industries are in the long run dependent upon the prosperity of the American farms.

When asked to translate this fine sentiment into action, by extending such credits as would prevent a disastrous fall in the price of farm products, the politicians and officials referred to suddenly experienced a change of heart. They evidently thought that these fine words should afford the farmer all the help he might reasonably expect.

Of course, if the farmers and cotton planters are demanding unusual credit accommodations, simply for the purpose of maintaining prices at abnormal figures, they cannot reasonably be expected to receive aid for this purpose. If advices are correct, however, the difficulty does not alone relate to the maintenance of prices, but to marketing some of the products at any price. The condition of the export trade has become so deranged through the depreciation of the foreign exchanges that the exports of both corn and cotton have been seriously impaired.

But back of all this present extraordinary demand for farm

credit is the whole problem of the marketing of farm products. These products largely move to the markets within a short period. This is due to the fact that in most cases the farmer who has raised a crop feels himself under the necessity of disposing of it as soon as possible, in order to meet the expenses which its production has entailed.

He also, as a rule, lacks adequate storage facilities for carrying his crops for any length of time, and in many portions of the country he must see to it that his crops get to the markets before the roads become impassable. This latter condition is being gradually remedied by the building of better roads and the use of autotrucks.

Aside from the justice of the present demands which the farmers are making for credit, no one can deny that the farmers of the country should have the credit facilities to which they are entitled. This implies, of course, that the farmer himself must see to it that he is a good business risk. This goes back to the whole matter of the efficient conduct of farming operations. With this indispensable condition assured, the banks and other credit institutions of the country are no doubt just as willing to extend credit to farmers as to any other class in the community. In fact, it cannot be doubted that this service is already being quite generally rendered by the banks of the United States.

The injustice of expecting the farmer to market his products within a few months of their production and to take the low price which this crowding of the market involves, can be easily perceived, and in the interests of the farmer himself and of the general public there ought to be brought about as speedily as possible a remedy for this condition.

In fact, the whole process of the marketing of farm products would seem to be capable of great improvement. It is not only a question of assuring steadier and better prices to the producer, but a more equable supply and more reasonable prices to consumers as well; nor does this necessarily contemplate the elimination of the middleman, who in many cases is performing a service which is not only useful but indispensable.

It may be, however, that upon careful study it will be found that duplication of services could be avoided to a very great extent and more efficient methods introduced.

Mr. Harding in his campaign speeches called attention to this matter, and it is to be expected that he will give it his attention during the course of his administration. The difficulty about governmental activity in these directions is that it usually merely means another committee or commission of some sort to make an expensive investigation of conditions that are already pretty clearly recognized. More hope of prompt and effective action could be expected

from farmers' organizations, rightly organized and managed, co-operating with chambers of commerce and other commercial bodies.

## The New Corporation for Financing Foreign Trade

**T**HE complete prospectus of the new corporation to be organized under the provisions of the Edge Law for the financing of foreign trade is published in another part of this number of **THE BANKERS MAGAZINE**. It would seem that the corporation as outlined will adequately meet the peculiar requirements of financing our foreign trade under present conditions, and furthermore that the legal provisions and the method of organizing and management will assure safety of operations so far as these can be provided for by human foresight.

Of course, in entering extensively upon the financing of foreign trade under the present dislocated condition of finance and industry throughout the world, extraordinary precautions must be taken to avoid undue risks and to incur losses. No doubt the directors and officers of the new corporation are fully cognizant of this delicate situation and will see to it that the capital invested is not subjected to undue risk, and that adequate security is furnished for all debentures issued.

The most important phase of the work of the new corporation will be in placing its debentures among the public. It is expected that gradually these debentures will be issued to the extent of one billion of dollars. It is recognized that in order to provide a general market for the debentures a widespread educational campaign will have to be carried on throughout the country. It will no doubt take some time to popularize this new type of securities among those now investing in other classes of securities and also to enlist the interest of a large number of new investors; but this task, while very great, should not prove insuperable. It will be greatly facilitated by spreading abroad a knowledge of the fact that the corporation is organized under the most careful legal safeguards and that its management is to be of the highest character.

The organization of this corporation represents the first definite steps taken unitedly by the large financial and industrial interests of the country to aid in the extension and maintenance of our foreign trade. The importance of the movement at the present time can hardly be overstated.

The activities of the corporation are not to be sectional in any respect, but are to extend over the entire country and to embrace

all forms of production which enter into our foreign trade operations. This renders its activities of interest not only to the producer of manufactured goods, but to stock growers, farmers and the merchandising elements of the community as well.

As a new departure in American financial operations the history of the new corporation will be studied with great interest. It must be the earnest hope of all those who wish to see our foreign trade sustained that the operations of the new corporation will be eminently successful. The auspices under which it is launched would seem to make this result a practical certainty.



## National and State Regulation of Railway Rates

**T**HE decision of the Interstate Commerce Commission rendered some time ago, granting the application for a general increase in railway rates, has met with opposition on the part of several of the state railway commissions charged with the regulation of rates within the borders of their respective states. This clash of authority has arisen over an order of the Interstate Commerce Commission, in one case at least, that the intra-state rates be fixed on the same basis as those previously prescribed by the Interstate Commerce Commission for through traffic.

If the several states are to retain the power of regulating rates within their respective boundaries, this would substantially operate in nullifying the decrees of the Interstate Commerce Commission. The difference of opinion aroused in regard to this regulation of rates brings up again the whole question of the exercise of dual authority over transportation rates. The notion that there is any sort of traffic purely within state lines which has no relation to that between the different states, is hardly tenable. It will readily be seen that if within the borders of the larger states a substantially lower rate prevailed than that ordered by the Interstate Commerce Commission as governing the rates between the several states, an undue advantage would be given to traffic within state lines, and thus would be brought about the very discrimination which the regulation of rates by the Interstate Commerce Commission is intended to prevent.

As a matter of fact, the commercial relations between the states have grown so close that it is increasingly difficult to exercise any sort of regulation of commercial operations on the theory that the various states constitute separate commercial entities.

In the course of time, the differences between the Federal and

state authorities attempting to regulate transportation rates will very likely come before the United States Supreme Court for final adjudication.



## Unusual Credit Demands Upon the Banks

**R**ECENT dispatches from London indicate that the demand for credit upon the banks of the United Kingdom is far beyond the ability of these institutions to meet. In other words, they are being subjected to much the same pressure for credit as are the banks of the United States.

Perhaps one reason why the banks have not been able to meet the demands for credit as fully as the commercial and manufacturing interests would like is due to the fact that they have not advanced their capital equipment sufficiently to keep pace with the growing credit needs. This is a prescription which a good many of the banks are reluctant to take. They wish to have the demand for credits met, as largely as possible, out of deposit accumulations and without adding further to their capital.

While this attitude may tend to enhance the profits of the banks, it does not conduce to that degree of safety which is desirable in the conduct of banking operations, nor does it give to the banks the leeway in granting credits which it is very desirable for them to have if they are completely to fulfill their responsibilities to the industrial and commercial community.

Probably, no matter how liberal the banks might be in the granting of credits, there would always be large classes in the community who would think they had grounds for complaint because of lack of accommodations. The demand for credit grows, to some extent, by what it feeds on, and therefore is very difficult of being appeased.

At the present time the always large demand for credit is being greatly accelerated by the exceptionally high prices.

So far as this country is concerned, the unusual profits earned by the banks in the last year or two would indicate that there is no oversupply of banking capital, but rather a shortage of it. This condition may, of course, be temporary; but it looks now as if for some time to come there would be such a call for banking funds that an enlargement of the country's banking capital would serve a most useful purpose, both in providing funds which the industrial and commercial community greatly need and in further safeguarding the banking position.

This is not intended to imply that at present the banking position is in any respect unsound, but while deposits are expanding as rapidly as they have been doing in recent years, it is only a banking

commonplace to realize that the proportion of capital to deposits should be well maintained.

While there does not seem to be much of a tendency upon the part of existing banks to add to their capital, the organization of a number of large corporations for special financial services is bringing much additional capital into the banking field. This process is going on to an extent that will be rather surprising when its results are summarized.



## Political Pressure Upon Banks

ONE of the recommendations of the International Financial Conference at Brussels which is worthy of careful attention relates to the pressure which the Governments of the world are placing upon their banking institutions and especially banks of issue. In the resolutions proposed by the Commission on Currency and Exchange appears the following statement: "Banks, and especially banks of issue, should be freed from political pressure and should be conducted solely on the lines of prudent finance."

Perhaps the chief difficulty in bringing about a restoration of credit and currency conditions to a position of greater soundness consists in the pertinacity of Governments in using the banks to the limit in making up deficiency of revenues by granting increased credits and issuing large amounts of currency.

When the Federal Reserve Act was being considered by Congress, this magazine repeatedly pointed out that it virtually placed the banks of the country under this political pressure and that in time such pressure was liable to be exerted in a way that would make it difficult, if not impossible, for the banks to conduct their operations solely with regard to the dictates of prudent finance. We have seen in recent months that this prediction is in the course of being verified. The farmers and other large groups have demanded quite insistently that the credits of the banks should not only not be curtailed, but that they should be still further expanded. Up to the present this pressure exerted upon the Treasury Department has been unavailing. It is likely to be renewed upon the assembling of Congress and it is by no means certain that Congress will be able to resist the demands which the farmers and others may make for additional credits.

This is a defect bound to inhere in any system of banking placed as is the Federal Reserve System absolutely under governmental control. It ought to be easy enough for anybody who understands the real nature of banking to realize that it is not always possible to extend credits simply because such extension is demanded by a majority of the voters, but under a governmental banking system



the voters always have it in their power to compel respect for their demands.

Banking, like any other business, should be free to operate with respect to sound principles only and without consideration for the clamors of political majorities.

In making the appointment of the members of the Federal Reserve Board subject to the will of the President, we have virtually given the voters of the country the power to demand such credits as they think they ought to have. It will probably be beyond the powers of human endurance for a President always to resist the insistent demands of a majority for still greater credit accommodations.

There is, true enough, something to be said on the other side, for where the banking system is conducted without such governmental interference there may be danger that even the reasonable requirements of the country for credit would not be met. Under our free banking system this contingency is provided for by the competition which exists between banks to get as large a share of business as possible. Furthermore, if credit is long denied to any element in the community, a new bank is liable to spring into existence to meet such demand. While the organization of banks continues free, as it is at present, this solution of the difficulty is always practicable.

We are just now undergoing a struggle between wise banking management which seeks to keep credits within reasonable limits, and a demand on the part of farmers and others for an expansion of credit which, under present circumstances, might prove disastrous. Thus far the advantage of the contest seems to be with the Secretary of the Treasury, who has had the stamina to resist the demands made upon him; but the contest is not yet ended and is liable to be renewed during the present session of Congress. Furthermore, we are likely to have a more complaisant Secretary of the Treasury who would be less regardful of sound considerations and more open to the blandishments of political appeal than Secretary Houston has been.



## A Decrease in the Number of Millionaires

**A**CCORDING to the income tax returns, there were 5,246 fewer millionaires in the year 1918 than in the preceding year, the numbers being respectively 20,944 in 1918 and 26,190 in 1917.

This decline in the number of millionaires would seem to refute the statements that have been made that the rich are growing richer and the poor are growing poorer.

As a matter of fact, there are other statistics which prove that the number of persons in receipt of incomes of \$5,000 and under absorb a very large proportion of the aggregate annual income of the country.

It may be possible that the decline in the number of millionaires is explained by the fact that the high income taxes have taken such a large proportion of the incomes of this class that their capital accumulations have decreased, and perhaps also they have been making a more liberal expenditure of their income than formerly on the theory that it might as well be dissipated by them individually as to be turned over to the Government to be used in extravagant public expenditures.

The fact that the United States now has more persons in the millionaire class than any other country in the world has often been commented on unfavorably. This view seems to lose sight of the fact that our greater number of millionaires may simply be due to the fact that the opportunities for accumulating wealth are better here than elsewhere on account of the vastness of our resources and the freedom of opportunity which our institutions and laws afford. Something must also be credited to the exceptional degree of energy, skill and foresight which our great captains of industry have shown.

The fact that we have more millionaires than any other country does not by any means indicate that the condition of the masses of the people is less favorable in the United States than in other countries. The contrary is true, for nowhere else in the world are the masses of mankind so well clothed, housed and fed as they are in the United States.

It is also a well understood fact that large accumulations of wealth are being used to a very great extent in benefactions which redound to the interest of all our people, or employed in productive industries in whose gains the community cannot help but share.

Making all these allowances, however, in behalf of the millionaire class in the United States, there undoubtedly exists a disposition to effect some redistribution of wealth through heavy taxation of large incomes and also to prevent to some extent the accumulation of large fortunes in the future. This disposition has not as yet been carried to such an extent as to act as a bar to individual initiative, although this tendency is perhaps more strongly manifested than is desirable in the very heavy excess profits taxes now imposed. It would be unfortunate, not for the millionaires but for the general welfare, if these taxes should result in preventing the widest possible employment of capital in productive industry and turn the investment of funds still more largely into tax-exempt securities. The proceeds of the latter form of securities are used almost invariably for governmental and municipal enterprises and

while serving a useful purpose they are less essential to the prosperity of the community than is the steady flow of capital funds into ordinary productive enterprise.

When one of the subordinates of the Emperor Tiberius displayed rather unusual energy in the collection of revenues and thereby hoped to obtain the favorable opinion of his superior, he was rebuked with the reminder that it was the purpose of the Government to shear the sheep, not to flay them.

While the Government need not be especially tender toward those in the millionaire class, who are usually persons of somewhat toughened susceptibilities, it does need to consider most carefully such adjustment of the burden of taxation as will insure the needed capital funds for productive enterprise.

We can get along well enough with a diminished number of millionaires, but we very much need all the millions we can get for sustaining the production and trade of the country at its maximum capacity.



## Growing Dissatisfaction With Government

**T**HOSE who voted with the winning side in the recent election are no doubt disposed to consider that the overwhelming Republican victory was a convincing evidence of dissatisfaction with the policies of the opposing party.

On reviewing the history of the campaign, however, the position taken in the two platforms and by the respective candidates, no solid ground appears for this belief.

As a matter of fact, the heavy majority in favor of Mr. Harding was an expression of dissatisfaction with the Government as it has been administered, rather than a confident hope of betterment under the new administration. Certainly the policies of the two great parties were not so sharply divergent or the merit of the candidates so much greater on one side than the other as to justify any such overwhelming majority as that which Senator Harding received. The verdict must be taken chiefly as one of protest. It represents a tendency which careful observers have noted, not only in this country but in various parts of the world.

The fact is that the people are growing more and more restless under the various forms of Government, whether they be democratic or otherwise. To state this obvious fact is not necessarily to show any sympathy with the tendency indicated. On the other hand, to ignore the widespread prevalence of this feeling would be to disregard an influence which may come to be of great importance unless its present tendency is realized and corrected in time.

The most extreme manifestation of the tendency referred to

of course appears in Russia, where the Government was despotic and where a reaction from this extreme form was to be expected; but within recent months outbreaks of various kinds have appeared in Japan, Italy, Great Britain, France, Mexico and even in our own country. Here, quite fortunately, we have contented ourselves mainly with recording the strongest protest possible at the ballot box.

It remains to be seen whether the significance of this protest will be fully understood by the incoming administration. In order to have such understanding it will be necessary to know quite clearly what the protest itself meant.

If one might venture an opinion on this subject, it would be that the people voted as they did because they are heartily tired of extravagance and inefficiency. It was to be expected that such a condition of affairs would inevitably grow out of the war, but that this condition should be indefinitely tolerated is unthinkable. We cannot have sound private finance until we have sound public finance. It is idle to expect the people to be thrifty while the Government itself remains unconcernedly extravagant.

The inefficiency shown in the recent investigation of the Shipping Board and other governmental activities is positively sickening, and it is supplemented by numerous stories told by those who have had any dealings with the Government. It should be one of the first tasks of the new administration to restore some semblance of efficiency in the conduct of governmental affairs. This is a task of more immediate concern to the people of this country than any possible service to mankind which can be effected through the League of Nations.

Looking back to the genesis of the war and to conditions as they now exist, one cannot escape the conclusion that the statesmen of the world have made a mess of things, nor can a business man fail to think that if the handling of some of these problems had been left to men of ordinary business experience they would have been settled very much more quickly and inexpensively than has happened through the diplomatic muddlings of the various governments.

The slogan "More business in Government" represents a widespread and wholly justifiable feeling, but we shall not get a more businesslike management of Government until business men themselves take a livelier interest in local politics. The pressure upon members of the Legislature and of Congress and executive officers is exercised through local political channels and in no other way. Therefore, in criticizing government, no reflection is intended to be made upon the individuals who hold executive and legislative positions, but the blame is placed exactly where it belongs—upon the shoulders of the voters of the country, who, while ready enough to go to the polls and accept the nominations prescribed for them by

the political bosses in the various communities, remain wholly indifferent to that activity in pre-election duties which alone can insure good and efficient government.

Perhaps one explanation for the growing inefficiency of government and the consequent public dissatisfaction is to be found in the increasing disposition to push the responsibility of government farther and farther away from the immediate locality to the state and Federal Governments. In fact, there is a tendency to substitute Federal activity for that of the states wherever possible. By placing the responsibility for government farther away from the source of power, the interest and responsibility of the individual are greatly lessened, and this explains why the average voter shows such little concern in local political affairs. It is because local communities have largely lost their power of regulating public activities.

The remedy for the conditions complained of lies in the hands of the individual voters. Until they show more active concern in the naming of candidates and the formation of policies, it is idle to expect any improvement.



## The True Road to Welfare and Success

By OTTO H. KAHN

**M**OST of the cure-alls for the ills of humanity, fondly and often honestly believed by their present-day discoverers to be new and unfailing remedies, are hoary with age as a matter of fact, having been tried at one time or another on this old globe of ours, in one of its parts or another,—tried and found wanting and discarded after sad disillusionment.

Indeed, nothing in history is more pathetic than the long record of the instances when one or the other of the peoples of the world rejoicingly followed a new lead which it was promised and believed would bring it to freedom and plenty and happiness, and then suddenly found itself, instead, on the old and all too well-trodden lane which

goes through suffering and turmoil to collapse and reaction.

The true road to welfare and progress is the middle road of steady evolution. It follows the sign posts erected by the accumulated wisdom of many centuries of human effort. It swerves neither to the right into the stagnant morass of shortsighted, selfish standpattism nor to the left toward the pitfalls of unbridled, aberrant radicalism. It does not lead to the millennium. No human road leads there. But it does lead onward and upward. It does lead to the realization of ideals which those of little faith or narrow vision believe and pronounce unattainable.

# The Human Equation In Banking

## How to Cultivate a Healthy Esprit de Corps Among Bank Employees

By Glenn G. Munn<sup>1</sup>

Chase National Bank, New York

**E**MPLOYER-employee relations are becoming more intricate and their proper cultivation increasingly important. To harmonize the interests of those whose lot it is to make final decisions and direct banking procedure on the one hand, and those who execute these directions on the other, is one of the biggest problems confronting a modern banker. We have found ourselves suddenly thrown into a new era of relationships. Banking is changing from a small unit to a large unit. Along with its advantages, this movement is accompanied by many disadvantages—especially for the employees. With the growth of the size of a bank specialization increases. Stultifying or monotonous routine replaces expressiveness and inventiveness in work. The bank clerk is divorced from interest in the whole procedure. He is screwed down to a narrow operating detail. Ninety per cent. of the work of a bank is routine and detail. The residue of creative work is left for the executives and specialists. Impersonal relations are substituted for personal ones. The higher executives seldom get in real contact with the rank and file. There is usually no definite line of promotion or no well defined method by which the management can discover merit among the junior clerks. The gaining of recognition and advancing to higher positions seem to be prevented by this lack of contact. Positions at the apex, moreover, are diminishing by reason of the reduction in the number of banking units, or by being filled by persons who can bring

profit-making connections to the bank. There is a growing disparity between the compensations paid to those at the bottom and the top of the scale. Under these conditions can a body of workers engaged in clerical routine be made loyal to their management?

Loyalty of the clerks is good business. It reduces turnover and increases efficiency. It is also good politics. Universally applied, it would foster a spirit of national contentedness and undermine the principal causes of unrest.

What bank employees really want in order to make them effective co-operators and friendly to their management are two sets of conditions. Each of these is complex and needs to be resolved into its elements:

(1) *Protection against economic insecurity.*

This can be satisfied by proper financial rewards, forms of insurance. etc.

(2) *To be made happy in their work.*

This is difficult but can be satisfied by proper human adjustments. This demand is a complex of many factors, and as is shown later requires careful psychological investigation.

Unlike production in factories, a bank produces services, not goods. These services are produced not by machines but by human personalities. To function well these personalities must have the proper attitude toward and confidence in their employers. The speed and accuracy of their work do not depend upon the pace set by a machine as in a factory, but upon their conscious willingness by which their energies may be expended freely or stintingly according to the incentives to

<sup>1</sup> This paper by Mr. Munn won the first prize in the banking article contest recently conducted by THE BANKERS MAGAZINE.

achievement with which they are surrounded.

An approach to ideal employer-employee relations will be secured by surrounding employees in an environment of appropriate incentives. A study of incentives, therefore, is essential before a program attempting to perfect relations between employers and employees can be set up. Incentives or *motives to endeavor* are numerous and complicated. We are stimulated to action by many psychological springs some of which, as suggested above, are financial, and some of which may be called for lack of a better term, human. Most actions arise out of selfish motives—in order to attain some reward, ambition, or to satisfy some selfish end.

The best way to ascertain whether a bank is providing an environment of incentives to secure the end sought—a loyal body possessing co-operative tactics—is to make an exhaustive list of possible incentives. A bank can then check what it offers against this complete list of incentives. In this way it will be able to determine how far it measures up, or just where it is delinquent.

Broadly speaking, incentives may be classified in three main groups:

**A. Of a psychological nature.**

1. Remuneration.
2. Punishment.

**B. As to material conditions.**

1. Monetary.
2. Non-monetary.

**C. As to directness of appeal.**

1. Immediate incentives.
2. Prospective incentives.
3. Remote incentives.

*Incentives of a Psychological Nature.*

These incentives may be sub-divided as follows:

1. *Reward Incentives.* These are of both monetary and psychological nature. They may be divided as follows:

1. Salary.
2. Working Conditions.
3. Education and Training.

4. Prestige.

5. Encouragement (or Recognition).

6. Social Relations.

7. Democratization of Relations.

8. Mutual Confidence.

**2. Punishment.**

1. Loss of Position.

2. Loss of Promotion or Reward.

3. Demotion—Assignment to less responsible or less desirable position.

4. Loss of employer's confidence.

5. Fear of opinion of others.

*Incentives as to Material Conditions.*

The classification of incentives according to material conditions is based upon whether the reward given is a money payment or not. Special bonuses, profit-sharing participations, etc., represent extra money payments. Such incentives as possibility of promotion, recreational facilities, and participation in social activities are of course non-monetary.

*Incentives as to Directness of Appeal.*

The classification of incentives as to directness of appeal refers to the immediateness of the incentive, that is, whether the reward is immediate, prospective, or remote.

These are the main classifications, but a complete list of specific incentives follows:

IMMEDIATE INCENTIVES

**A. Monetary.**

1. Adequate salary.

2. Knowledge that an increase in profits will be shared between the owners and workers by some kind of profit-sharing.

a. Bonus.

b. Stock ownership.

c. Profit-sharing.

3. Compensation for suggested improvements which are accepted and put into operation.

4. Compensation for overtime work on a sliding scale basis.

**B. Working Conditions.**

1. Hours.
2. Ventilation, etc.
3. Recreation, (such as club rooms, reading rooms, etc.).
4. Room to work.
5. Furnishing noon meal (when conditions warrant it).

**C. Education and Training.**

1. Real opportunity to learn the business.
2. That the employee is adapted to his job.
3. Knowledge of the structure, methods and processes in business.

**D. Prestige.**

1. Prestige of the institution among institutions of the same character.
2. Existence of an employees' publication.

**E. Encouragement or Recognition.**

1. Appreciative employer.
2. Knowledge that those in authority have a means of keeping in touch with each employee's work, by systematically kept personal record cards.
3. Recognition by internal publicity given for personal or departmental achievements.

**F. Social Relations.**

1. Agreeableness of associates.
2. Feeling that those in authority have a personal interest in the employees' welfare by personal contact.
3. Establishment of an employees' club.

**G. Democratization of Relations.**

1. Feeling that the employer is square with his employees.
2. Knowledge that a grievance may be voiced at any time to the Personnel Officer in authority.

3. Clerks' Committees—to represent clerks in meetings with managers.

**H. Confidence Incentives.**

1. That the management is sound, able and worthy of confidence.
2. That the management is alive to the problems of organization and personnel.
3. That the bank is making profits.

**PROSPECTIVE INCENTIVES****A. Monetary Incentives.**

1. That there is a possibility of an increase in salary.
2. Protection against economic insecurity occasioned by
  - a. Death.
  - b. Accident and sickness.
  - c. Old age.
  - d. Loss of health.
  - e. Unusually high prices.
  - f. Arbitrary discharge.
3. Recognition of loyalty by a graduated length of service bonus.

**B. Prestige Incentive.**

1. Possibility of promotion when earned and when opportunity presents itself, that is, certain knowledge that meritorious work is recognized by promotion. In other words that there are definite lines of promotion, or upgrading, through which a capable clerk progresses to an executive position without favoritism or nepotism.

**C. Encouragement Incentive.**

1. That the personal record card showing ratings and special achievements will be called to the attention of an officer.



## REMOTE INCENTIVES

A. *Prestige Incentive.*

1. That there are positions at at the top worth working for.

B. *Democratization of Relations.*

1. Understanding that persons from the ranks will be selected for those positions if they can qualify.

The above is a fairly complete list of specific incentives. Most of them are self explanatory and should suggest without further elaboration the means by which they may be put into operation to produce results. Some of these suggestions, however, will need amplification. Accordingly they will be considered under the two original main heads:

1. Protection against economic insecurity—secured by monetary incentives.
2. Making employees happy in their work—secured by psychological incentives.

PROTECTION AGAINST ECONOMIC  
INSECURITY*Salaries and Profit-Sharing.*

The monetary incentive providing the greatest stimulus to action, also the chief means of economic security is an adequate salary. Nothing can take its place. While salaries should conform in the main to the general level, within limits, they can be adjusted to meet conditions within any one bank.

Profit-sharing in some form or other gives promise of elevating morale and increasing efficiency, especially in the smaller banks. In any real profit-sharing scheme the basis for distributing profits must be pre-arranged. It is not a distribution after profits have been determined. Profit-sharing among the larger institutions is not likely to yield the results expected of it—increased loyalty and productivity. It is hard for one clerk working among a large number to believe that his partici-

pation in profits will be increased by his own individual efficiency. There are too many others in the organization who, likewise not being impressed with the possibility of increasing their participation by increasing their efforts, believe that only officers and managers are in position to reduce costs and make the business profitable. Opportunity to buy stock at prices somewhat below market quotations is a splendid substitute for ordinary profit-sharing.

*Compensation for Suggestions.*

No bank should fail to embrace the opportunity to compensate clerks for any suggestion for improvement in methods which are accepted and actually put into operation. One way of offsetting the charge that bank routine furnished no opportunity for operative effort is to encourage clerks to think about methods and processes. Clerks who are constantly dealing with operating problems have a decided advantage in discovering schemes for short-cut methods over those farther removed from the actual operations. The difficulty is that clerks feel that suggestions for improvement are not likely to be received with favor, or, if favorably received that no recognition financial or otherwise is given for them. Here is a real opportunity. The genius of management is to discover merit. Let it not be circulated that a bank does not reward original ideas. To insure the conservation of an original suggestion a systematic plan of reward should be formulated. A liberal blanket compensation may be paid for each suggestion, or else compensation may be made in accordance with the value of the suggestion as determined by an impartial committee created for that purpose.

*"Supper Money".*

On account of the necessity of getting a proof of work at the close of each day's business, and the dispatch with which transactions must always be handled, it is often necessary to detain the entire clerical force after the usual closing hour. For this reason it has come to be established that a bank clerk

has no definite leaving time. The conventional solution for rewarding this overtime work is to furnish "supper money." This arrangement is unsatisfactory because the amount paid is the same regardless of whether the clerk works until seven o'clock or until midnight. Moreover, in most cases, the supper money inadequately covers the purpose for which it was intended.

There are two methods of solving the overtime question. It is possible to maintain a clerical force sufficiently large to handle the maximum volume of work in a normal working period. Under this arrangement it would often be necessary to pay for idle time. Or, it is possible to maintain a force to handle the average volume of business in the normal working period. Under this arrangement it would be necessary to detain them longer than the normal period only when the volume of business is heavy. This method would therefore be more economical even when the employees are paid for their extra time. The only adequate solution of overtime work is to arrange a sliding scale compensation based upon length of overtime.

No one can fail to be spurred on by the knowledge that there is a possibility of an increase in salary. It is a real tragedy when we are conscious of having arrived at our maximum earning power. It often happens, however, that clerks—good routine men who are almost indispensable—are unable to increase their value to the bank. The only way of rewarding such cases is to recognize their loyalty and faithfulness by a *length-of-service bonus*. This is a thoroughly sound principle. Increase a man's salary 5 per cent. after five years of service and 1 per cent. per year up to a certain maximum limit.

#### *Life Insurance.*

In addition to making a man secure in the present, it is only slightly less important to make his immediate and remoter future secure. Most bank clerks either through improvidence or lack of earning power do not insure themselves against death. For this

reason group life insurance by large banks is coming to be recognized as a sound principle. The amount of insurance taken out for the employees should be based upon length of service.

Protection against accident and sickness can easily be undertaken by the large banks especially where medical departments are maintained. On the principle of preventive medicine, a medical director by frequent examination of employees may be able to prevent diseases or nip in the bud diseases that have just started.

#### *Other Forms of Insurance.*

One important question engaging the attention of employers is that of retiring super-annuated clerks. What shall be done with the faithful employee who has served the bank many years and whose period of usefulness is admittedly ended? Drawing from the practice of several of the larger industrial companies, it would seem reasonable to pension them on some basis which would take into consideration years of service. It is advocated that the amount of the pension be equal to 2 per cent. of the annual salary multiplied by the number of years which the pensioner has served the bank. Thus a clerk earning \$2,000, who had worked for the bank thirty years, would be retired at a salary of \$1200, say at the age of sixty.

Temporary loss of health is a form of economic insecurity to which any bank clerk may succumb. It is not believed that any systematic arrangement can be made to take care of these cases but that each case should be given such consideration as it seems to merit.

A large number of banks can point with pride to the protection of their clerks against rising prices. Some banks have instituted a high-cost-of-living bonus. This has been paid in recognition of unusual conditions with the frank statement that it is not a permanent commitment and may be withdrawn when prices recede.

Perhaps the most vicious type of insecurity is that in which one feels that his job—by which he earns his right to

live—is insecure. In no case should a discharge be made without thoroughgoing justification and without explaining the reasons to the person dismissed.

#### MAKING THE EMPLOYEE HAPPY—PSYCHOLOGICAL INCENTIVES

##### *Working Conditions.*

Favorable working conditions such as those suggested above are matters of great importance in securing the goodwill of employees. Restaurant facilities in the larger banks where the work is apt to be done under severe pressure is a great aid. Practically all of the large banks in the financial district of New York have found it necessary to provide for the serving of the noon meal to employees on account of the inadequacy of restaurant facilities in the neighborhood where good food can be obtained at reasonable cost.

##### *Educational Opportunities.*

Assuming that a bank endeavors to select ambitious raw material, providing a real opportunity for learning the business is essential in making the clerk happy. Employees should be encouraged by financial assistance to take courses in banking at various schools or institutions, or within the bank if an educational department exists. Where neither of these arrangements is possible the employee should be shifted from job to job and from department to department. Placing the employee in a job that he likes will do much to make him happy. This is a job of the employment manager who should be selected for his special training and judgment in picking men. Insurance of efficient performance of clerks can be obtained only where there is a systematic effort to secure mutual adaptation of the worker and the job.

##### *Prestige Incentives.*

Other things being equal, a clerk would rather work for a well known reputable bank than for one not so well known. The prestige of a bank to some extent depends upon both external and internal publicity. External publicity is

not so important. Internal publicity is extremely important and should be accomplished through the medium of a house organ or employees' publication. The publication should be a mouthpiece of the employees and should be primarily controlled by them. It should contain no trace of paternalism, charity, or dictation from above. It should be an expression of a cooperative group of workers. Its contents should be drawn largely from the employees' club activities, giving color to the human side of their lives—social, athletic, study, and thrift. It should give recognition to personal or departmental achievements.

##### *Encouragement or Recognition Incentives.*

Employees are quick to decide whether they have an appreciative employer or not. This sentiment spreads rapidly. Just what qualities are necessary to be regarded as an appreciative employer are difficult to determine. Certainly there must be human interest shown in the employees' welfare beyond purely business relations. There must be something to bridge the gulf between the employer issuing orders and the employee who must obey them. Although in business relations employers and employees may be on different planes, after all they are equal as human beings or social animals. One point is certainly clear: No employer can be regarded as appreciative who does not know the problems and conditions under which his employees work. The personal touch is a vital spark. Nothing would inspire a body of workers more than to have the president of the bank take an occasional informal inspection tour through the bank so that it may be known that he is in sympathy with the routine work that must be performed. Strange as it may appear, a single word or even the knowledge that an officer "high up" goes through the departments occasionally to "look things over" means much more to the junior clerks than a hundred such from a de-

partment head or one lower in authority.

#### *Personal Record Cards.*

In order that officers in a large bank may keep in touch with the employees' work some systematic record of employees' performances and attainments must be kept. This record is necessary in the making of salary revisions and so that the personnel officer may have some knowledge of how a clerk stands with his department head. Some form of rating card should be used for each clerk. The handling of these cards is of great importance in enlisting the co-operation and goodwill of the employees. Each employee upon his entry should be acquainted with the purpose and method of administration of the cards. He should also be shown what qualities he is rated in and what the rating scheme is. Some suggested qualities for rating are given:

- Accuracy—quality of work
- Appearance of work
- Amount accomplished
- Attendance and Punctuality
- Co-operation
- Courtesy
- Department
- Executive ability
- General ability
- Initiative
- Intelligence
- Interest in work
- Personal appearance
- Quickness to learn
- Speed and quantity of work
- Tact
- Trustworthiness
- General value to bank.

In order to get the greatest benefit from the record cards they should be administered as follows: The rating should be made at stated intervals, say every three or six months. The qualities which are rated should be stated to the employee at the time of his engagement, and the rating marks carefully explained to him. The qualities should be rated by his department head. The employee should be given access to his own card (but not to

others), or else be called in to interview the personnel officer as to where he stands. This is necessary in order to show him just where he is delinquent and what qualities he must resist or improve. Comparing his ratings from period to period will show him his rate of growth or retrogression.

By making the system an open one the department head must weigh his judgments carefully and prevent the clerk from making the accusation that he has been rated unfairly. In case an employee feels that he has not been rated fairly, he should take his case to the personnel officer who by calling in the department head should make an adjustment of the difficulty.

#### *Recognition for Personal and Departmental Achievements.*

In large banks, especially, the junior clerks feel themselves quite out of touch with those in authority, and that their contribution to the total result accomplished is so insignificant that it is unworthy of recognition. Good results are taken as a matter of course. Inferior service is given especial attention. This is a defective principle of discipline. It omits recognition of the fact that the best incentives are remunerative and constructive rather than punitive or destructive. The truth is that both superior and inferior service should be given attention. Superior work should be given full publicity. Inferior service should be corrected by private consultations—never openly.

In the routine departments of a bank—such as the work performed in the clearing house department—a vast amount of purely mechanical work must be performed accurately and speedily in order to prepare items for the clearing house, or to meet certain trains, etc. This work must proceed upon schedule time. Very often there are especially heavy days—Mondays and days after holidays—on which a very heavy volume of checks must be put through in practically the same time as ordinarily. This calls for an added amount of concentration and working under pressure.

Very few of the clerks working in a clearing house department have any adequate comprehension of how many items are handled per day; the dollar value of the outgoing and incoming exchanges; the number of clerks employed in this work; the number of blocks proved; the payroll cost of handling these items and the unit cost. If for comparative purposes a performance chart could be prepared day by day showing the above items of information and posted so that the members of the department could see just what they had accomplished, the reaction would no doubt be beneficial. Automatically their interest would be attracted day by day to the bulletin board to see what they had accomplished. By comparing what they had accomplished with the cost of accomplishing it, they would be parties to a contest without being conscious of it. They would be parties to a game of accomplishing work at a low unit cost, thereby tending to reduce the bank's overhead expenses. This performance chart might be arranged somewhat as follows:

PERFORMANCE CHART FOR CLEARING  
HOUSE DEPARTMENT

1. Number of items taken to the 10 a. m. Clearing, to-day. (Yesterday) (Same day last week) (Same day last year).
2. Dollar value of items for the 10 a. m. Clearing, to-day (Yesterday) (Same day last week) (Same day last year).
3. Number of employees performing this work, to-day. (Yesterday) (Same day last week) (Same day last year).
4. Payroll cost for the department to-day. (Yesterday) (Same day last week) (Same day last year).
5. Payroll cost per thousand items, to-day. (Yesterday) (Same day last week) (Same day last year).
6. Payroll cost per thousand dollars of items, to-day. (Yesterday) (Same day last week) (Same day last year).

7. Ratio of increase or decrease for each of the above.

*Social Relations.*

Reference has already been made to an employees' club which presumes mutual agreeableness of associates. Agreeableness of associates presumes judicious selection of employees by the employment department and the elimination of undesirables for racial or religious differences or for inability to measure up to certain standards of personality or physical appearance.

The club should be self-administered and directed. It should be allowed to develop along the lines most agreeable to its constituents, the management to give its aid and counsel whenever it is requested.

*Democratization of Relations.*

The representation of clerks in meetings with managers is a new idea in banking, but not in industry. One cause of social unrest is the dominance of control from above. Labor unions continually preach the doctrine of democracy in industry, pointing out that we have accomplished democracy politically but not in industrial relations. Giving the clerk full opportunity for the expression of his best powers by a democratic procedure is the best way to stave off the tendency of bank clerks to organize. It is possible for even a bank clerk to have an idea. To give opportunity for the expression of these ideas representatives of employees should be allowed to participate in planning work and improving methods with managers. This will do much to develop the feeling that the employer is square.

That some officer clothed in authority should always stand ready to hear and adjust the complaints of employees seems almost axiomatic. Every bank should develop the idea that any clerk is perfectly free at any time to voice a grievance.

Perhaps there is nothing that conduces so much to proper relations as the prevalence of the idea that tho:c

in the ranks will be selected to fill important positions when they are qualified. Democracy means the selection of those for places of command because of their ability. Nothing undermines morale so much as where this principle is abused. This principle cannot be put into effect without a clear understanding of job relations and sequences. This requires a study of job analysis and bank organization. Too many banks have loose, disjointed organizations. Functions and job relations are not clearly defined. Lines of promotion should be determined and a systematic scheme of upgrading put into operation. Confidence in the ability and squareness of the management will be heightened tremendously where promotion is based on this democratic principle.

#### CONCLUSION

To have an adequate solution of the problem suggested by this article re-

quires the creation of a personal service department in which some officer in high authority supplanted by an able corps of assistants can have final authority in adjusting all personnel relations. This officer should be one who not only by previous training and experience has won the confidence of the management and of the workers, but to whom large powers in the making of adjustments with respect to all personnel relations should be granted. This department should handle all problems with regard to employment, transfer, education, adaptation, promotion, upgrading and rating of employees as well as adjusting all the refinements of relations that are certain to develop together with records relating to the same. The personnel officer should rank not lower than a vice-president and should in no wise be responsible for operations.



## Banks and Chewing Gum

ONE of the liveliest bank publicity men in the United States is F. W. Ellsworth, vice-president of the Hibernia Bank and Trust Company, New Orleans. Mr. Ellsworth is a member of the public relations commission of the American Bankers Association. He thinks this commission is doing an important work in making the services of banks better known to the people, and in the following forceful manner asked for an increased appropriation, in an address before the last annual convention at Washington:

In my judgment, the association can well afford to make this committee one of the most important committees in our organization. An appropriation of \$25,000 would

be little enough as a starter, and I am here to say that in two or three years from now, if not sooner, the committee, with a minimum appropriation of \$250,000, could give a better account of itself on a bigger, broader and more constructive basis than most of the committees that have functioned during the life of the association. "Too much money," you say? Well, it was only a few days ago that I read that one of the big gum manufacturers who spends annually several million dollars of advertising money announces a half-million-dollar increase in his advertising appropriation for 1921. If one man can spend several million dollars a year advertising gum, it seems to me entirely feasible that 20,000 banks working collectively, and each contributing an average of only \$12.50 annually, could afford to spend \$250,000 advertising their banks.







the banking business. A man trained from both angles usually conducts a more successful department because he can aid his clients in their banking problems, consequently, they come to the bond department more frequently and the chances for sales are greater.

The manager must be a good keen buyer—a good judge of the markets, a salesman, and an executive. A good knowledge of the banking business will greatly aid him.

It is the duty of the manager to buy the bonds and notes; study the markets and make any trades that are feasible and profitable; to co-operate with the salesmen in helping them close sales; to inform them immediately of any new issues or new securities acquired; to keep the sales force full of enthusiasm; to go over the salesmen's records and advise them on the different clients or prospects; to confirm all sales and see that deliveries are made on time; to have supervision over the books of the bond department; to co-operate with the advertising manager in preparing the copy for the advertising of the bond department; to have supervision over the mailing department, as it pertains to the bond department. After and before these few duties are done, the sales manager must aid in making sales, as many clients will seek his advice.

GETTING PROFITABLE LISTS OF NEW CUSTOMERS

Getting lists and profitable lists are two different things. Many bond departments will place on their mailing list, the name of every customer of the bank. This practice is wrong, because about 75 per cent. of them are of no value so far as bond business is concerned and the mailing cost is tremendous.

The most profitable system of securing a good live list is to take the names of the rich and well-to-do people, which naturally would include the directors and stockholders of local corporations and have the salesmen canvass the entire list. After each day's work, carefully go over the results and select the names of those who appear interested

or who are present bond buyers. No matter if the prospects have present financial connections, so that only competition and the proper kind of work and service will bring them to your institution. Place these names on your mailing list and work them for all they are worth and the result will be that you will gradually acquire a clientele that you will be proud of—and after

Name		Address			Phone No.	
DATE	AMOUNT	SECURITY	DEBT	MATURITY	PRICE	SOLD

Form 4

you have acquired a reputation in your community of being a reliable, serviceable house, many new ones will come to you unsolicited.

EMPLOYING SALESMEN AND TRAINING THEM

Selling bonds is not the easiest thing in the world and if your applicant is not a natural worker, you had better let the other house hire him.

The success of your department rests almost solely upon the sales of your men; therefore, it pays to hire only such men who are salesmen or who will quickly acquire it.

A good bond salesman should possess the following traits:

- Ambition
- Cheerfulness
- Courage
- Courtesy
- Good Health
- Honesty
- Initiative
- Absolute knowledge of the bond business and business in general
- Neatness
- Refinement
- Tact

He should have a good personality and be a fluent speaker.

It will help him greatly, as well as the house, if he has had selling expe-

rience because that experience gives him the knack of handling prospective customers.

After a salesman is hired, he should

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DAILY REPORT OF PEOPLE VISITED  
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Form 5

be trained in the policy of the house and given a thorough training in bonds, notes and stocks. He should also be given a course in bond salesmanship.

Many houses conduct their own schools, but as a rule, banks do not have such courses—in that case, it's the work of the sales manager to give the men an hour or so a day, so as to impart his knowledge to them, thereby making them more efficient, as the more efficient they become, the more the house will profit.

**FORMS**

The accounting of a bond department is very simple, as you will perceive in looking over Form No. 1. This is the ledger sheet. Care should be taken when opening a new account to record all the data regarding the bond or note so one can tell from the ledger just what the security is; whether it is a first mortgage or a first refunding; whether it is a secured note or just a plain one. In other words, a complete description of the security should be recorded on the ledger when the account is opened.

Form No. 2 is a journal sheet. This is used to record each day's business

INVESTMENT DEPARTMENT  
THE SYRACUSE TRUST COMPANY  
SYRACUSE, NEW YORK

DATE	PROPERTY	AMT	INT	TERM	TYPE	REMARKS

Form 6

and get your totals for the general ledger of the bank.

Form No. 3 is a salesman's record card. This is a very important card inasmuch as during the course of conversation, the salesman will learn much of the customer's holdings or when the latter will have funds for investment. He will also learn what class of securities he is interested in. This fact many times saves the salesman a great deal of trouble, for there is not much use in trying to sell a prospect public utilities when he is a municipal buyer. By using this card, the salesman has all the necessary information to intelligently handle all his live prospects.

Form No. 4 is a small desk card for the salesman. On this, he records all the holdings of his clients. When selling a new issue, many times the salesman can make quick trades with the use

Bond Department  
**The Syracuse Trust Company**  
10 SOUTH WASHINGTON STREET  
SYRACUSE, N. Y.  
SPECIAL INVESTMENT OFFERINGS

ALL SECURITIES ALL OFFERED SUBJECT TO PRICE CHANGES AND MARKET FLUCTUATIONS

Form 7

of this card, for he has all the information right before him.

Form No. 5 is a salesman's report to the sales manager of the day's work. This report is made up at the end of the day's work by the salesman. Because of the wider experience of the sales manager, he can very often assist the salesman in closing a deal that the salesman would otherwise lose.

Form No. 6 is the salesman's list of securities that the bond department has for sale. The salesman gets this daily.

Form No. 7 is the offering sheet to the public. This form is used when bonds are offered to the mailing list.

**PROFITABLE DEPARTMENT**

The bond department of a commercial bank is one of its most profitable departments if it is operated right. It's a good pulling department for the

remainder of the bank because its salesmen see a host of people and they have numerous chances to swing new business to the other departments of the bank. Just this last week, our department brought in three new bank accounts for the commercial department.

A bond department can succeed in any bank if a trained man manages it—the other departments co-operate with it—your salesmen are alive—and you all work with one idea in mind, that service is the key to success in the banking business.



## Grain, Cotton, and Co-operative Marketing

By Henry M. Robinson

In the accompanying paper are set forth views of a most practical character in regard to some problems of immediate concern to the people of this country. The paper was read by Mr. Robinson at the convention of the American Bankers Association recently held in Washington, where it attracted exceptionally favorable attention.—*Editor.*

**A** DISCUSSION of commodity financing is particularly pertinent during the present period of credit shortage throughout the country. There are many evidences of growing dissatisfaction on the part of the producers of many commodities who claim that they are being discriminated against by bankers or those in control of credit facilities, and there is constant agitation by such producers for an extension of the principle of co-operative marketing to remedy, or at least to relieve, the situation.

There is no question but that the proper apportionment of funds in response to the clamorous demands for the use of credit facilities of the community presents a serious problem to the conscientious banker. Abuses have crept into our existing practices, and at some points the situation is critical.

It is well to recognize clearly this problem of financing commodities on a basis which is fair to all elements in the community, and endeavor to reach some satisfactory basis for assuring the producer a fair and proper share of community credit. It is likewise just as important to consider the dangers that attend some of the remedies proposed by the producers for improving their condition.

Assuming a definition of commodity as "anything movable subject to trade," it will be seen that there should be no attempt to cover the entire field, and so before entering upon a discussion of the general problem of commodity financing it may be advan-

tageous to review briefly present practices in two typical commodity movements.

### PRINCIPLES OF FINANCING

The underlying principles of all commodity financing are distinctly similar, and, while the trend of the times is in the direction of parallelism in both theory and practice, the discussion will be limited to the theory and practice of financing in so far as it relates to the production, movement and the final disposition of grain and cotton, together with some suggestions that have grown out of certain developments in our own locality in the production and marketing of fruits and nuts.

Broadly speaking, advances to the grain farmers are made by local banks, by local grain buyers on guaranteed minimums, and by representatives of line elevators and milling concerns.

Again speaking broadly, the parallels for cotton are the advances made by the local store-keeper, and banks, and by the so-called cotton broker on a guarantee, of credits for the grower, as well as similar advances made by representatives of large cotton merchants and sometimes representatives of mills.

These advances for grain and cotton are often made under agreements which call for the delivery of the crop at the time of the harvest at the then market for the grade and quality, but with a guaranteed minimum price. From the time when either grain or cotton is harvested until the crop

reaches the mill, the financial operations are definitely similar, although they may vary somewhat in detail.

To be sure, the facilities established and machinery set up for the physical handling of grain are much more modern and, proportionately, very much more ample and complete than in the case of cotton. This situation renders the financing of the movement of grain much more satisfactory and safe, from the standpoint of the banker, than in the case of the cotton. The difference lies principally in the disproportionately greater growth of the elevator and warehouse service for grain, as compared with the comparatively inadequate warehouse facilities and service provided for cotton.

From the banker's standpoint, advances for the movement of the grain are, generally speaking, much better secured, so far as the bulk of the total movement is concerned, than in the case of the cotton, although the actual financing machinery used for the different segments of the movement of both commodities to final manufacture or disposition are identical in principle.

#### WEAKNESS OF COTTON

The weakness in the cotton movement lies in the lack of warehouse facilities, irregularity of warehouse receipts and irregularity in the description of the grade, quality and weight of the cotton, as compared, in the case of grain, with the extent of warehouse facilities and the regularity, definiteness and security of the order bills of lading and the various warehouse receipts.

In the case of grain, the local buyer, and the ownership of grain elevators, can be broadly classified under four divisions:

1. Line companies, largely controlled by milling concerns.
2. Independent owners and resident dealers.
3. Farmers' co-operative organizations.
4. Owners and operators of elevators at large terminal points.

The line houses either through representative or independent resident grain merchants, and in many cases through dealers in large terminal markets, by bids made through country dealers or representatives at country points, buy the grain direct from the farmer at the specified price, with delivery taken, and payment made at the line house or local elevator as the case may be.

The line houses finance their purchases in various ways—sometimes by establishing credit in local banks in the vicinity of the elevators with their representatives empowered to sign grain checks, which checks, as a rule, show the kind of grain, number of bushels and the amount.

In the case of independent local grain merchants, the movement is financed either

by the local bank—on draft with the bill of lading attached, or by a margin note with the warehouse certificate as security, though in many cases it may be done on open note or by a correspondent at a large terminal point.

#### CO-OPERATIVE ORGANIZATIONS

While farmers' co-operative organizations are financed by local banks and through order bill of lading drafts made on some correspondent at the terminal point, the terminal market dealers themselves are financed either by open credits on unsecured notes—if their financial condition warrants—or by loans against warehouse receipts, or both.

In the case of elevators owned by farmers' co-operative organizations, the system varies at different points. In some cases the grain is turned in and the sale and disposition of the commodity lie with the directors of the organization. Some of these organizations are non-profit, and at the close of the season distribution is made of the proceeds of the total sales on a pro rata basis—grade considered. Some of these organizations have a profit element in them and the price is fixed at the date of delivery, though the producer may have some interest in the final distribution of the profit made by the organization.

The original receipts given by the public elevators, and most elevators are treated as public warehouses, play an important part in the early financing, as the local banks are frequently called upon to re-discount grain paper with the city banks, and these banks in turn prefer independent warehouse receipts rather than receipts issued by agents, in which the maker of the paper is financially interested.

After the grain is once harvested and delivered to the local elevator, the movement is based on warehouse receipts, order bills of lading with draft attached, trust receipts and custodian warehouse receipts at the terminal points. In case of export, the movement is handled through the medium of ocean bills of lading with draft attached, until final payment by the consignee.

When cotton has been picked and ginned, it is accumulated through similar local agencies—either the local store-keeper or local buyer, or, possibly the representative of the cotton merchant—who pays the producer in cash, either on the basis of a minimum guarantee contract made as a part of the contract advances, or the then market, as the case may be. The buyer makes his purchase as it comes from the plantation, in round lots, and moves it for his own account or ships it to a dealer at the concentration point, drawing a draft with the shipper's order bill of lading, giving all marks and numbers on the bales forwarded.

At the concentration point the cotton

goes to the compress. The compress issues separate receipts for each bale, giving the marks, compress serial numbers and other data. The broker or buyer at the concentration point, who has made the purchase, turns over to the bank a "turnout" order specifying the number of each bale of cotton to go on a definite shipment. The bank then delivers the specified receipt to the compress company, which, after the cotton has been compressed and loaded, signs an acknowledgment and this, in turn, is presented with an already prepared bill of lading to the railroad company. This order bill of lading is attached to the draft drawn by the shipper upon the mill or other purchaser of cotton.

#### THE COTTON WAREHOUSE

The establishment of cotton warehouses on an adequate scale, with proper restrictions, obligations and responsibilities, tends to bring the movement and financing of cotton more nearly on a parallel with the more stabilized financing and movement of grain.

Many refinements and many variations in practice have been and are being developed in the methods I have so roughly sketched. For instance, the delivery to the bank's customer of warehouse receipts for the purpose of making shipment and the accepting of trustee receipts in lieu, has been general in both cotton and grain transactions. The banks have felt that this is a hazard which they should not be called upon to take, since the practice has many irritating phases. A plan has been worked out in the movement of grain for the use of a duplicate disposition order, where the grain is moved in terminal yards to flour mills, and under this disposition order the bank has control of the bill of lading all of the time.

In the case of cotton, no plan for protecting the banker against an improper use of the bill of lading held by the customer under the trust receipt has as yet been developed, and it is most essential that some method should be provided under which the banker can have protection of the bill of lading continuously.

From the time of the harvesting of grain or the picking and ginning of the cotton, the financing of the movement—until it finally reaches the manufacturer—is in effect a cash transaction to each handler in turn; that is, each handler receives a credit based on his drafts, so that each turnover is, to all intents and purposes, cash to the trader.

In one other particular, the modern method of commodity financing is alike for both grain and cotton; that is, in the financing and marketing of both cotton and grain today each buyer, in the various transactions covering the movement, protects himself by hedging.

The grain or cotton merchant who fails to hedge is speculating, and where the banker's customer—the dealer—in either of those commodities, regularly and systematically hedges his transactions, the banker has a right to, and does, feel greater safety



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#### HENRY M. ROBINSON

President of the First National Bank of Los Angeles and of the Los Angeles Trust and Savings Bank; Chairman of the United States Bituminous Coal Commission in the settlement of the coal strike; member of the Supreme Economic Council at Paris; formerly Commissioner of the United States Shipping Board; member of the Bankers Committee of Ship Securities, and the creator, during the war, of the county and community defense system of the United States Council of National Defense.

in any advances he may make. The practice is now almost universal with mills that manufacture either grain or cotton products to hedge on their purchaser, and it is likewise in general use by all of the buyers and dealers between the farmer and the mill. This practice has been explained at length in so many publications of late that it would seem to be a work of super-erogation to re-state the reasons why the banker should urge his customer to protect the situation, by a hedging trade, since it

can be done with little difficulty and with reasonable certainty that it will protect any situation that is likely to arise.

Hedging itself is a simple operation. Suffice it to say that each buyer in turn—local grain merchant, local elevator, line elevator, terminal dealer—as he makes a purchase of actual grain, sells a future for a like amount, and when a sale of the cash grain is made, buys a future to match or close out the future sale made at the time of purchase. In the case of a mill desiring to sell the product for a delivery several months off, it buys a future for a delivery prior to a delivery of flour.

#### THE BANKER'S OBLIGATION

For many years it has been accepted as a part of the obligation of the banks of the country to finance the movement and storage of grain, but no commodity, considering its importance, has shared as little in the financial resources of the country as has cotton—this principally due to the lack of adequate warehouse system in the production area, and lack of an open market for paper issued against the product.

Prior to the advent of the Federal Reserve system, cotton loans were made as a rule in the form of ordinary notes, and these again were used as collateral or rediscounted by the local banks with eastern correspondents. Insufficient effort has been made to place cotton and its storage on a basis of credit in a form that would be readily marketable on its own merit, although the Federal Reserve Bank system, by encouraging the use of trade and bankers' acceptances and of uniform warehouse receipts, has aided in creating an open discount market for cotton acceptances which affords substantial encouragement for investment of capital and bonded warehouse enterprises.

The definition made by the Federal Reserve Bank of the term "Readily marketable staples" is inclusive of both commodities under discussion.

The erection and operation of licensed and bonded warehouses under the Federal Act of 1916, for cotton, grain, wool, tobacco and flaxseed, has promises of greater development.

With the pressure of the credit strain, with the difficulties of a price deflation definitely started and gathering momentum on an uncharted course toward an unknown and unseemly destination, with collective bargaining in the form of co-operative marketing showing an increasing growth, commodity financing at this juncture is difficult.

The difficulties of financing even legitimate holdings of such commodities as grain and cotton, for the purpose of conducting a movement in an active and orderly way, are becoming increasingly greater and more

complex, and bankers must use their best thought to see that each producing industry receives a fair share of the available credit, and bears its fair share of the burden and pressure when a credit shortage exists.

In determining the share to which the cotton industry is entitled some regard should be given to the importance of the product, in the gross of our exports, and to the fact of the limited ability of our former customers abroad to purchase. In the present emergency, requiring the rationing of credits, a measure of financial support proportionate to cotton's contribution to the credit resources of the country, and with proper consideration for the delays in moving exportable surplus because of the low ebb of European credit, should be given.

Assuming that price deflation can be accelerated or retarded by artificial means, is it not the duty of the banker to see that the reduction in the price of cotton should not be at a rate greater than in other commodities?

#### CO-OPERATIVE MARKETING

And now where do these many transactions fit into the final costs?

Herbert Hoover and many economists take the position that all costs between the producer's price at his local point, and the wholesaler's price, are actual charges against the farmer, and that all costs of financing the movement of commodities up to the wholesale market are charged against him. On the other hand, all costs and charges added to the wholesale price stand against the consumer.

Here lies the difficulty. The position generally taken is that the farmer is so poor a business man that he is in duty bound to market his product at the time of the harvest, and that as a result, from that time until final consumption financing should be carried on for the benefit of the middlemen and manufacturers, the wholesalers and retailers. As a result, the complaint is made that the cost of financing and marketing up to the point of wholesale as charged against the farmer, is inordinately, or at least improperly, high.

The farmer is beginning to feel that he is entitled, if he so desires, to have his crop carried beyond the harvest period. This is not a new thought as far as the farmer is concerned, but it has had a rebirth in the last few years, and accounts very largely for the new developments in the line of farmers' co-operative or collective marketing movements, which, for the time being, are largely directed to the financing of the crop through and beyond the production stage.

It is quite accepted that in the great crop producing sections of the country bankers have sometimes used and abused individual credit seekers who are small farmers and producers. This has not been

limited alone to the small banks, but indirectly also is charged against the banks of the large cities—this through the factors and buyers, representatives of the great concerns in the metropolitan centers, who with the local banks are the principal sources for the producers to obtain funds.

#### THE SMALL PRODUCER

It is difficult for the small producer to understand that the banker most naturally prefers to deal with some one who had control of large units in the movement of a given commodity than with the farmer himself. If credit advances are to be made to a multitude of small farmers, the tremendous difficulties and complexities of dealing with a multiplicity of small units, where the individuals are not familiar with business practices, are so very great that the bankers prefer, if possible, to handle all questions relating to the financing of commodities beyond the stage of the harvest, with those who control large units and who are familiar with business practices, and understand both movement and price problems, as well as transportation questions. Such people, through experience, are prompt to act, are freer from the feeling that the banker is giving them improper treatment, and, as a rule, have liquid assets as a margin for trading. Generally speaking, the small producer is without this business equipment.

The cost of financing commodities beyond the harvest time in the form of small units to the producer himself would make the final cost very much higher than the present cost of the middlemen's large unit accumulated by him from a multitude of small units—that is to say, either we must continue the present practice of financing the middlemen instead of the producer after the time of the harvest, or the banks must set up suitable machinery for handling the multiplicity of small units and make an initial charge against the producer on somewhat the same basis as the present buyer; or the producer must set up machinery for accumulating the original small units into large ones and provide for their handling by people experienced in business, financial and transportation operations generally.

This latter method, already tried, is taking on a new impetus. We will all recognize that for centuries the smaller man, whether a producer from the soil or working man, has felt—at times vaguely and at other times more definitely—that those directly or indirectly in control of credits and capital, were inclined to make unfair bargains with an individual for either his work or the commodity he might produce. Time out of mind this problem has been met with different degrees of success and for differing lengths of time by collective bargaining.

#### UNION LABOR

There is no essential difference between the attitude of labor in demanding that it be permitted to bargain collectively with the employer and the demand by organizations of producers for co-operative marketing.

Grain and cotton producers have felt for years that the existing method, whereby purchasers locally make individual bargains for the crop, often worked to the disadvantage of the producer and, as a result, in many sections of the Middle West and in various commodities, co-operatively run elevators have been established to which the producer delivers his grain, though not much as yet has been done in this direction by the cotton growers.

The discussion is rife amongst both the grain men in the Middle West and the cotton growers of the Southwest for the expansion of co-operative elevator and warehouse program with co-operative marketing organizations on a big scale, while the Federation of Farm Bureaus has been making a study of co-operative marketing operations now in existence with the idea of expanding them.

Here and there producers of farm products are undertaking in various ways, under various titles and with divers high sounding plans, to set up new or to amplify existing co-operative marketing machinery. They are now apparently even seriously discussing plans which contemplate within their general outlines, the establishment of banks and the carrying on of such financial operations as have never yet been attempted by any like organization, except, possibly, the Non-Partisan League.

Producers' organizations are clamoring that bankers are merely the trustees for the community's funds. Thirty years ago the banker often felt that he was the community, and that his was the final decision as to whom, and to what extent, credit should be advanced. Only too often he pursued his calling on the basis of selfish interest, but it was even at that time recognized that the banker with a judicial temperament (who was a *rara avis*) was better for the community than one who allocated credits for his own advantage, or for that of his clique or his bank.

#### COMMUNITY CREDIT

Assuming that bankers now recognize the responsibility of trusteeship of the community's funds (and this is more increasingly general), and assuming, if you please, that the banker has something of a judicial mind and poise, and that pressures are reduced to a minimum—there is an extraordinary danger that these great groups of producers will insist that they are the community just as the banker in the old day insisted that he was.

From time out of mind the producer from the soil has been told by demagogues that all the world is dependent upon him and upon his efforts. Within limits, that is true, but if ahead of us there is to be the progress which modern civilization has come to believe, it is patent that other producers must have an equal place in the scheme of things with the producers from the soil.

The usual representation of this position, as you will all recognize, is of course that the first duty of the banker is to the producer from the soil, as he is not only the one who gives us the necessities of life in the first place, but, through fair treatment, financially and otherwise, also becomes the purchaser of the products of others. In other words, he merely suggests a priority for the group he represents.

That the bankers must meet this problem; that there must be a modification of the old attitude, is patent. But whether this should be done through banking machinery or through proper co-operative marketing, remains yet to be decided. However, some method must be devised for reducing the pressure on the producer which forces him to dispose of his crop, either at the moment the harvest is completed, or while its movement is under way, as this has been too often used as a means for price depreciation; and methods must be discovered for lowering the cost of financing him, both through the period of his production and for an equitable period after his harvest.

I venture to describe two successful co-operative marketing organizations, operating on the coast: One, the California Fruit Growers' Exchange; the other, the Walnut Growers' Association. These two organizations had their inception in the bitter necessity for protection of the producer in order that he might live.

#### CALIFORNIA FRUIT GROWERS' EXCHANGE

Our community has come to believe that as at present set up and run, these organizations are of real benefit to the community, not only, locally, but to the whole citizenship of the country, as no abuse of their power, has yet appeared.

The history of the movement and marketing of citrus fruits and similar products is not at all dissimilar from the movement and marketing of grain, though the citrus fruits are perishable and are rarely, if ever, financed on the basis of warehouse receipts. Thirty years ago the situation of the producer in both grain and citrus fruits, so far as the marketing was concerned, were not dissimilar, though the grain then had the advantage over the citrus fruits.

The organizations I have mentioned were preceded by others that were supposed to be a panacea for all the difficulties of the producer. They later developed weaknesses

and finally collapsed. This, again, may be the final outcome of these associations, if internal politics and the arrogant use of the power that comes from great membership finally proves their undoing. As yet the skies are reasonably clear; but such organizations are, of course, only good for their members and the public at large so long as the dominant minds in the organizations are honest and fair, for the improper exercise of the economic power by associations of great groups of the producers of any commodity resulting from mistakes in judgment or from any vice or weakness will, in the end, bring a reaction, either internally or externally, which will finally destroy the organization or at least defeat its purpose.

#### POLICY

The declaration of policy made by resolution of the Citrus Association, having 15,000 members, 200 local agencies, twenty district exchanges, and one general exchange, is as follows:

"Agriculture contributes so largely to the prosperity and well being of the public that whatever makes for the legitimate interests of the producers brings a corresponding benefit to the public. Federal and State laws should be enacted permitting bona fide producers of agricultural products to act together, either as corporations or otherwise, in producing, manufacturing, distributing and selling their products. Whether a producers' organization is formed with or without capital stock, has equal or unequal voting power of members, or pays interest or dividends on the capital employed, are details that should be determined in each instance by the members of the organization, with due regard to the nature and extent of the industry itself and the necessities of production, storage, manufacture and distribution. Any interest or dividends paid on capital, however, should be considered in the nature of a reasonable interest on the capital employed in furnishing the facilities through which the members transact their business. Such interest or dividends should not be considered as a profit earned by the capital contributed but rather as a fair return to the members for the use of the capital which they contribute to furnish their own business facilities.

"The same public concern which authorizes collective organization and action by producers likewise requires provisions that safeguard the public against abuses by such collective action of producers and should provide the machinery for such public protection, preserving at all times to the producers the legitimate benefits of their co-operative effort.

"It should be understood that the right to organize collectively under the laws referred to should be restricted to associations or organizations composed exclusively of pro-



ducers of agricultural or horticultural products."

The general manager of the most successful of our citrus fruit associations states that it is his belief that any marketing association, created where the members were reasonably prosperous and where their products had been handled on a reasonably fair basis before the creation of the association, would fail. He states a belief that only producers who have been under dire necessity through bad treatment and bad handling of their products, producers who remember what they have been through and who, because of their appreciation of the effect of the abuse of economic power, are less inclined to attempt individual selfish advantages, can hope to successfully maintain a marketing organization.

However, it is obvious that the movements for such organizations will continue and that beneath these movements there is an attitude of mind fraught with danger for the whole nation.

#### THE BANKERS' ATTITUDE

This fact brings home to the bankers the need for determining whether they shall maintain an attitude of aloofness from, and resistance to, such movements and their resulting organizations, or whether, on the other hand, it is advisable for banks to participate in, and, within limits, promote, co-operative organizations to the end that bankers may at least point out the dangers and absurdities of some of the plans now under way, and also to the end that the producer may have the full benefit of a fair

portion of the whole credit available.—this fair portion of credit allocated to any one group, however, must not exceed the contribution which that group makes to the total production of the nation.

Irrespective of any evidence, statement or argument given for the balance of the people of the country, and other groups of producers necessary to the country's welfare, there exist certain evidences of a tendency to use the great economic power of these proposed co-operative organizations to the disadvantage of other groups of producers and consumers. This selfish trend may not be conscious or intentional, yet it exists, and must be faced. At the same time, the fact must be recognized that something is needed to protect the producer in his legitimate functions.

This, then, is simply a statement of the situation, because, in the solving of a problem, a frank statement of the case is a primary necessity.

In sketching roughly the machinery and its operation, so far as it relates to the financing of the commodities discussed, and in giving the rough picture of the complexities and difficulties as well as the trend of movements related to the financing, there is no intention of offering any general specific or general panacea.

It is obvious that there is no general specific, but rather that individual bankers, or bankers acting in small groups in relatively small areas, must determine for themselves the questions as they arise. It is equally obvious that the attitude of the bankers generally must, and will, be modified to meet the changing conditions.



## A Branch Banking System in Indianapolis

**T**HE first organized effort in the state of Indiana towards the establishment of a series of branch banks recently, has been undertaken by the Fletcher Savings and Trust Company, of Indianapolis, according to an announcement by Evans Woollen, the company's president. Acting on the belief that the extension of trust company facilities to the integral communities that make up such a city as Indianapolis, is perhaps the most modern general development of bank service, the Hoosier institution already has established three branches and plans more in the future.

After careful study of the branch bank systems in vogue in such cities as Detroit, Cleveland, Buffalo, and New Orleans, the executives of the Indianapolis institution, which has total resources of more than \$16,000,000, some time ago determined to construct a banking fabric in the capital city of Indiana, whereby the diversified service program of the trust company might be offered at the very doors of the community centers to patrons, thereby offering unusual opportunities for community development of personal and commercial business.

Three branch institutions were



WEST STREET BRANCH  
*Business Center West and Washington Streets*

**Our Second Branch Bank  
Opens Saturday**

**T**HE opening of the West Street Branch of the Fletcher Savings and Trust Company at West and Washington Streets Saturday marks the second step in the realization of our plan to extend the scope of our service to Indianapolis through branch banks. Our first branch bank, the West Indianapolis Branch, opened October 2.

The West Street Branch is a neighborhood institution — just 2 1/2 in an unobtrusive part of the Fletcher Branch and Trust Company under the management of its own officers and directors, subject to the supervision, advice and approval of the Board and a Staff of Five Dollars Capital, the largest in Indiana. Individuals desiring business facilities are cordially invited to visit our West Street Branch on Saturday, October 16 between 9 a. m. and 9 p. m., and during banking hours thereafter.

**Fletcher  
Savings and Trust Company**  
*Business Center West and Washington Streets,  
Capital Largest in Indiana*



**Fletcher  
Savings and Trust Company**  
*Business Center West and Washington Streets,  
Capital Largest in Indiana*

A newspaper campaign in the daily press informed the public of the establishment of a branch banking system in Indianapolis

opened late in 1920, and the results in each of them have exceeded expectations materially. The first branch was opened at 1233 Oliver Avenue, in a district of the city to which much industry is tributary. This branch was named the West Indianapolis branch and Charles E. Herin, an experienced employee of the trust company, was named as its manager. The second branch was established at Washington and West Streets, within a few squares of the center of the downtown business district of Indianapolis and in the heart of the city's foreign colony. The locality selected for the establishment of this second branch is just west of the Indiana state house, contains many of the smaller types of business houses and a somewhat congested residential district. Tributary to it, however, are some of the larger industries of the city and a group of very energetic West Washington Street business men have worked consistently to develop the locality into one of the city's greatest centers of commercial life. The manager of this second branch is George A. Miller, formerly a state bank examiner in Indiana, and a man who

has had wide and varied experience in organizing and developing small banks. Stoilko Yovanovich, a foreigner, extremely popular in the "colony," was selected as assistant manager of the branch. The first month's record at this branch was phenomenal.

For a month prior to the opening of these two branches, the managers and their assistants, made personal excursions into the territory tributary to the proposed institutions and the good will developed by these personal touch campaigns was reflected heavily in the quick growth of deposits when the branches opened. Throughout the city the announcement that the big downtown trust company was about to expand its service in order to offer modern banking facilities to neighborhoods in many sections of the city, was received with enthusiasm by business houses and individuals.

The third branch was established at 2122 East Tenth Street, after the purchase of the former East Tenth Street State Bank by the Fletcher Savings and Trust Company. This East Tenth Street branch, when it was taken over by the Fletcher Company, had resources of half a million dollars. H. B. Tilman, who had been for seven years, cashier of the East Tenth Street State Bank, was appointed manager of the branch. This bank was bought by the Fletcher Company in March, 1920, and operated as a separate institution until November 1, 1920, when it became a branch. The West Indianapolis branch was opened to the public October 2, 1920, and the West Street branch was opened October 16, 1920.

The Fletcher Company announced that it is the intention to develop the branch banks throughout Indianapolis after such a fashion that a patron of the Fletcher Savings and Trust Company anywhere in the city will instantly feel that he is "at home" when he sees a branch. This idea of uniformity in fixtures and building fronts was developed strongly in the advertising campaigns carried on by the trust company, prior to the opening of the branches.

# Banking and Commercial Law

SPECIAL

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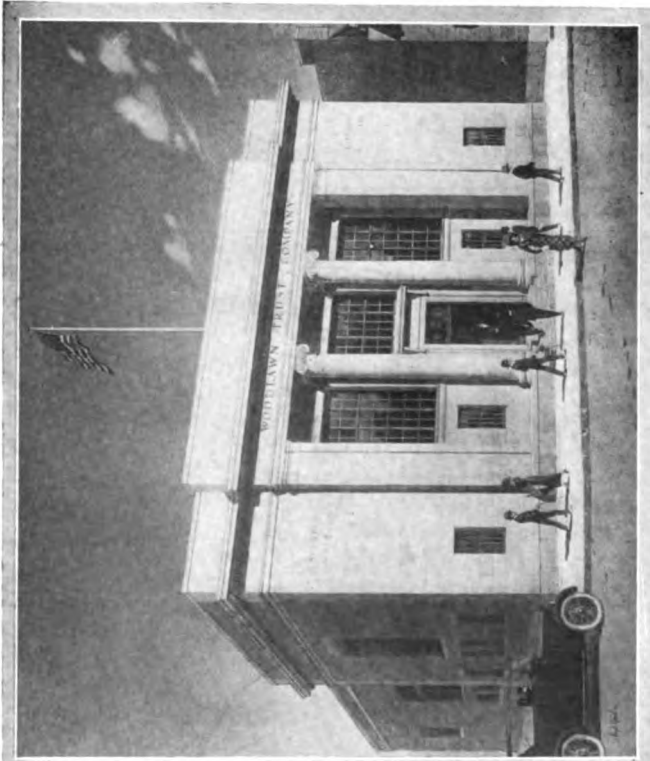
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# Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts  
Upon Questions of the Law of Banking and Negotiable Instruments

## Reducing Amount of Check Renders it Void

*Keller v. State Bank of Rock Island, Supreme Court of Illinois. 127 N. E. Rep. 94.*

**A** DEPOSITOR in the defendant bank, a Mrs. Hawley, had the account changed so as to be payable to herself or her mother. The change was made because she feared that her husband might interfere with the account. Subsequently the husband went to a local bank with a check signed by Mrs. Hawley, in which the amount and name of the payee were left blank. He had the cashier fill in the name of the local bank as payee and the amount, which according to his computation was \$1,079.48. The local bank sent the check to a correspondent bank but, on presentment, payment was refused because of insufficient funds, there being only \$1,059.74 on deposit. On being informed of this the local bank authorized the correspondent bank to change the amount to correspond with the amount on deposit, which the latter did and then collected the check. At the time of this change the drawer, who had been ill for some time, was in a state of unconsciousness and she died two days after the payment of the check. In an action against the drawee bank by the depositor's mother, it was held that the check was rendered void by the act of reducing it in amount. A judgment in favor of the bank was reversed.

### OPINION

Error to Appellate Court, Second District, on Appeal from Circuit Court, Rock Island County; Frank D. Ramsay, Judge.

Action by Anna R. Keller against the State Bank of Rock Island. From judgment for plaintiff, defendant ap-

pealed to the Appellate Court, which reversed and remanded.

DUNN, C. J. The Appellate Court for the Second District reversed a judgment of the circuit court of Rock Island county against the State Bank of Rock Island in favor of Anna R. Keller, and the case has been certified to us for review in response to a writ of certiorari.

On June 4, 1914, Mrs. Pearl I. Hawley, who had a savings account in the State Bank of Rock Island, went with her mother, Anna R. Keller, to the bank and had the account changed and a new book issued in the name of "Anna R. Keller or Pearl I. Hawley." The change was made because Mrs. Hawley feared that her husband might interfere with the account. The amount was \$1,874.75, which was reduced by checks of Mrs. Hawley paid from time to time, and interest was credited semiannually. Mrs. Keller never drew any checks against the account. Mrs. Hawley died January 18, 1917, and soon after Mrs. Keller, claiming there was a balance due on the account, demanded payment, which was refused, and thereupon she sued the bank in assumpsit. The bank defended on the ground that it had paid the whole amount on checks signed by Mrs. Hawley. The trial resulted in a verdict for the plaintiff and a judgment for \$1,059.74. The bank claimed to have paid this amount on a check of Mrs. Hawley which the plaintiff in error claims was not signed by her, or, if it was signed by her, was materially changed without her authority before payment.

Mrs. Hawley lived with her husband, William C. Hawley, on a farm near Ainsworth, Iowa. The contested check was written on a blank of the Commercial Savings Bank of Washington, Iowa, with a line drawn through those names and the words "Rock Island State Bank" and "Rock Island, Ill.,"

written above them. It was dated January 2, 1917, the payee was the Ainsworth Savings Bank, and its amount was \$1,079.48. It was presented for payment by the People's National Bank of Rock Island on January 13, 1917. It bore the rubber stamp indorsements of the Ainsworth Savings Bank, the Iowa National Bank of Davenport, Iowa, and the People's National Bank. Payment was refused, the check was stamped on its face "insufficient funds," and was returned to the People's National Bank. This bank returned it to the Iowa National Bank, which informed the Ainsworth Savings Bank by telephone that payment had been refused because of insufficient funds and the check was coming back. Stephens, the cashier of the Ainsworth Savings Bank, then authorized the Iowa National Bank to change the amount, which was done by L. G. Bein, assistant cashier of the Iowa National Bank, drawing a line through the amounts written in the body of the check and in figures in the margin and writing above them in red ink the amount \$1,059.74. Bein also wrote on the back of the check the statement that the amount had been changed by that bank and was guaranteed to be \$1,059.74, January 15, 1917. The check so altered was then deposited again with the People's National Bank, and on January 16, 1917, was presented to the defendant in error and paid.

On the day the check for \$1,079.48 was presented and dishonored, the bank wrote a letter to Mrs. Hawley informing her that payment of her check had been refused because of insufficient funds; that her balance was \$1,059.74; and that a check for that amount would be honored. Her husband testified that he showed her this letter, but not that she read it or could have read it or was conscious, and that the next morning he went to the Ainsworth Savings Bank. There was no evidence of any statement made by Mrs. Hawley either at that time or when the check was signed. The plaintiff in error testified that Mrs. Hawley was unconscious from January 9 until her death, on January 18, and

there is no evidence that she was not. Stephens, the cashier of the Ainsworth Savings Bank, testified that the check was first brought to him by Hawley with the name of the payee and the amount blank. Stephens wrote in the name of the payee and the amount, which he got from Hawley, who had him figure the interest on the account. Stephens then sent the check to the Iowa National Bank for collection, and when afterward informed by that bank that the amount was not correct he conferred with Hawley, and then told the bank that Hawley was willing for them to change the amount.

The Appellate Court did not remand the cause but made a finding of fact:

"That the check of January 2, 1917, drawn in favor of Ainsworth Savings Bank, was the genuine check of Pearl I. Hawley, duly signed and delivered by her."

The plaintiff in error insists that the finding did not include all the ultimate facts in the case and was not sufficient to justify a judgment against her. Her counsel argue that there were two questions of fact in the case, viz.: First, did the check bear the genuine signature of Pearl I. Hawley? Second, was it materially altered after delivery without her authority? Assuming that these two questions are in the record, it is manifest that the Appellate Court's finding does not touch the second. It may be, and we must assume, as the Appellate Court has found, that the check of January 2, 1917, was Mrs. Hawley's genuine check; but that check was never paid. That was a check for \$1,079.48 and was dishonored because of insufficient funds. The material alteration of a negotiable instrument by a party to it without the consent of the maker renders the instrument void, and it cannot be enforced, even by a subsequent purchaser in good faith without notice. *Pankey v. Mitchell*, Breese, 383; *Burwell v. Orr*, 84 Ill. 465. It is immaterial whether the alteration is injurious or beneficial to the party who is liable on the instrument. Reducing the amount without the maker's knowledge

# The Producing 40% and the Banker

Government statistics show that 60% of the country's population live in large cities and incorporated towns. Less than 40% are producers of food for the entire nation—and for a large part of Europe.

Such a condition never before existed in our history. Yet the rural population is steadily decreasing.

The inevitable question is, can the American farmer supply the demand? The answer is Yes — if he turns to power farming.

The farmer *must* buy tractors and power farming implements. He *must* install labor-saving machinery.

To do this the farmer needs financial assistance from the banker. He needs also wise counsel in the proper

selection of farm machinery. He naturally expects his banker to be familiar with power machinery and to be able to guide his selections.

We, therefore, invite bankers to become acquainted with the J. I. Case Plow Works Company and its products. We wish them to judge the record of our service to generations of American farmers. We know that they will endorse the wisdom of the farmer who selects a Wallis Tractor or any of the genuine J. I. Case farm implements.

J. I. Case Plow Works Company  
Dept. A869, Racine, Wisconsin

# WALLIS

—more acres per hour

NOTICE: We want the public to know that the WALLIS TRACTOR is made by the J. I. CASE PLOW WORKS COMPANY of Racine, Wisconsin, and is NOT the product of any other company with "J. I. CASE" as part of its corporate name

will void the instrument. *Moore v. Hutchinson*, 69 Mo. 429; *State Savings Bank v. Shaffer*, 9 Neb. 1, 1 N. W. 980, 31 Am. Rep. 394; *New York Life Ins. Co. v. Martindale*, 75 Kan. 142, 88 Pac. 559, 21 L. R. A. (N. S.) 1045, 121 Am. St. Rep. 362, 12 Ann. Cas. 677; *Johnston v. May*, 76 Ind. 293; *Hewins v. Cargill*, 67 Me. 554; *Chism v. Toomer*, 27 Ark. 108; *Keene v. Weeks*, 19 R. I. 309, 33 Atl. 446; *Fillmore County v. Greenleaf*, 80 Minn. 242, 83 N. W. 157. The question is, not whether the change is injurious or beneficial to the maker of the instrument, but does it materially affect his rights? Is the changed instrument the contract which he made?

"In the one case no less than in the other the altered paper is not the contract which the party has made, and in neither case can the courts declare it to be his contract or enforce it as such. The law proceeds on the idea that the identity of the contract has been destroyed—that the contract made is not the contract before the court—that the party did not make the contract which is before the court; and, so adjudging, it cannot go further and hold him bound by it, on speculations, however probable and plausible, that he would or ought to have entered it in [into] the altered agreement, because it involved less liability than the original and only paper executed by him." *Montgomery v. Crossthwait*, 90 Ala. 553, 8 South. 498, 12 L. R. A. 140, 24 Am. St. Rep. 832.

Where a person signs a negotiable instrument which is incomplete because the amount is left blank and delivers it for use, the custodian of the paper has implied authority to fill in the amount. *Merritt v. Boyden & Son*, 191 Ill. 136, 60 N. E. 907, 85 Am. St. Rep. 246. Accordingly, when the cashier of the Ainsworth State Bank, at the direction of William C. Hawley, wrote into the paper bearing Mrs. Hawley's name the amount of \$1,079.48, the paper became her genuine check for that amount, as was found by the Appellate Court. It was not paid, but after its dishonor the

payee caused the amount to be changed to \$1,059.74. This made another and different check. There is no finding that this change was authorized by Mrs. Hawley or that this check was her genuine check. When she gave her check in blank, she gave the custodian implied authority to perfect the check by filling the blank. There is no evidence of any other authority than that implied by law. Hawley perfected the check by causing the blank to be filled. This was in accordance with his implied authority and Mrs. Hawley became bound by the check. He was not, however, authorized to bind her by another check. He had made the check which he was authorized to make, and he could not make another without further authority.

Counsel for the defendant in error refer to cases holding that the holder of a negotiable instrument indorsed in blank may correct the contract which he has written above a blank indorsement, even as late as the trial. It is true that a blank indorsement on a promissory note which has been filled up to state the contract incorrectly may be corrected so as to state the contract correctly; but in the present case the blank was filled in accordance with the authority of the agent and became by that act binding on his principal, as the Appellate Court has found. He could not without other authority bind her by another check.

The defendant in error contends that the plaintiff in error did not argue, either in the trial court or the Appellate Court, that the check was void by reason of the alterations. The record of the trial court presents this question, the evidence was all introduced, and the bill of exceptions does not show any waiver by the plaintiff in error. We cannot presume it was waived. The defendant in error has obtained leave of the court to file, and has filed, a copy of the plaintiff in error's Appellate Court brief in support of its contention as to the claim of the plaintiff in error in that court. From this brief it appears that the plaintiff in error here,



who was the appellee there, insisted that the only question before either the trial court or the Appellate Court was:

"Whether or not this check was a forgery, or whether or not the bank had any right to pay the same even if it was not a forgery, when it had knowledge that the alterations on the face of the check were not made by the purported drawer of the check and without any inquiry as to whether or not the alterations on the face of the check were authorized by the drawer."

Again she says:

"If the check purporting to have been drawn by Pearl I. Hawley was, in fact, drawn by her and the signature thereto was her genuine signature, then when that check was paid by appellant it constituted full payment and was a full and complete defense to this case."

That check, however, was not paid. There is no finding and no evidence that it was. It is evident that the legal effect of the alterations in the check upon the liability of the defendant in error was urged in both courts.

Errors occurring in the progress of the trial were assigned by the defendant in error upon the record of the trial court but were not considered by the Appellate Court. Since the latter court reverse the judgment without remanding the cause and without a finding of the ultimate material facts upon which its judgment was based, the judgment must be reversed and the cause remanded to the Appellate Court. When the cause comes before that court again, it will either affirm the judgment or reverse it and remand the cause, or if it finds the facts differently from the trial court it may reverse the judgment without remanding the cause, reciting the facts so found in its judgment.

Reversed and remanded.

THOMPSON, J., took no part in this decision.

## Payment of Individual Debt With Corporation Check

McDowell v. Bauman, Court of Appeals of Kentucky, 224 S. W. Rep. 641

Where the secretary of a corporation, authorized to draw checks against the corporation's bank account in payment of the obligations of the corporation, draws a check and delivers it to the payee, in settlement of the debt of another person, the payee cannot be regarded as a purchaser in good faith and is not entitled to retain the proceeds as against the corporation. He is put upon notice by the form of the check that money belonging to the corporation is being used to pay another's debt.

### OPINION

Appeals from Circuit Court, Jefferson County, Chancery Branch, First Division.

Suit between John A. McDowell, the German Savings Fund Company Building Association's trustee in bankruptcy, George E. Bauman, and Mueller & Martin, Incorporated. From the judgment, all the parties appeal. Affirmed on appeals of all parties except the last named, and on appeal of last-named party reversed.

CLAY, C. These four appeals are from the same judgment, and, having been heard together, will be considered in one opinion.

George L. Martin was the secretary of the German Savings Fund Company Building Association, and also of Mueller & Martin, Incorporated, a real estate brokerage corporation. The offices of these corporations were in the same room. George E. Bauman had purchased from John A. McDowell a lot, and owed thereon the sum of \$2,100. He also owed McDowell the sum of \$31 for unexpired insurance. Bauman subscribed for \$1,800 of stock in the building association for the purpose of obtaining a loan of \$1,800, to be used in discharging his indebtedness to McDowell. On November 6,

1915, Martin issued a warrant on the treasurer for \$1,800, payable to Bauman. Bauman indorsed on the warrant that he had received the full amount thereof. As a matter of fact, Bauman did not keep the money, but left it in the hands of Martin as secretary, together with the additional sum of \$321 to be used by Martin to discharge the McDowell lien, and to pay for the unexpired insurance. The entire sum was embezzled by Martin. On the same day the warrant to Bauman was issued, Bauman executed to the building association a mortgage on the property. On the day prior thereto, McDowell executed a deed to Bauman, but the deed was not acknowledged until December 31, 1915. On January 6, 1916, McDowell's attorney delivered the deed to Martin, who delivered to the attorney a check for two thousand one hundred dollars, payable to the attorney, and signed, "Mueller & Martin, Inc., per George L. Martin."

In a suit involving the rights of the parties Mueller & Martin, Incorporated, were given judgment against John A. McDowell for the sum of \$2,131, with interest from January 6, 1916, while McDowell was given judgment against Bauman for the same sum, and awarded a lien on the lot which he had sold to Bauman. By the same judgment, the note and mortgage executed by Bauman to the building association were canceled, and Bauman was given judgment against the building association for the sum of \$511, with interest from January 26, 1918, which sum was composed of the \$331 indorsed to Martin as secretary of the association, together with certain dues which he had paid to Martin as secretary. All the parties to the judgment question its correctness.

The case is simply one where Bauman's money, which was indorsed to Martin as secretary for use in discharging the liens on the property, was embezzled by Martin, and Martin used the funds for Mueller & Martin, Incorporated, to pay the debt. Though authorized by the corporation to draw checks on its funds, clearly his authori-

ty was limited to the drawing of checks for the purpose of discharging the corporation's obligations, and did not include the right to draw checks to discharge the obligations of others. McDowell cannot be regarded as a purchaser in good faith, for when his attorney delivered the deed and received the check, the check itself was notice of the fact that it was drawn on the funds of the corporation to discharge the obligation of a third party, and this circumstance was sufficient to put the attorney on inquiry as to the authority of Martin to draw the check, which inquiry, if pursued, would have elicited the information that Martin had no authority to apply the funds of the corporation to the purpose for which the check was issued. Nor can we see any reasonable ground upon which to base the plea of estoppel and laches. Martin's actual authority was confined to the giving of checks to pay the corporation's obligations. There was no showing that he was ever held out by the corporation as having any authority in addition to this. There must be some officer in every corporation authorized to draw checks and the mere fact that such officer has such authority will not stop the corporation from questioning the validity of his act, when he issues a check not to pay the corporation's debt, but the obligation of a third party to one charged with notice of such fact. But it is argued that Mueller & Martin delayed the assertion of its claim for nearly three years, and such laches should defeat its claim. Laches in legal significance is not mere delay, but delay that work a disadvantage to another. *Culton v. Asher*, 149 Ky. 668, 149 S. W. 946. Here it does not appear that any of the parties affected have been prejudiced by the delay. Their positions are the same as they were when the improper payment was first made. Hence the defense of laches is not available either by McDowell or by Bauman.

The propriety of that portion of the judgment canceling the note and mortgage to the building association is questioned by the latter's trustee in

bankruptcy. It is argued that when Bauman delivered the money to Martin, the association's secretary, Martin became his agent, and the association therefore should not be held liable for Martin's acts. In nearly every case where money is borrowed from a building association to pay an outstanding lien, the secretary, in order that the association may acquire a first lien on the property, sees that the loan is used to discharge the first lien. Hence, when Martin took the money borrowed, together with that furnished by Bauman, he acted as the agent of the association, and the association is bound by his acts. As the case stands, therefore, Bauman did not receive any of the association's money. Hence there was no consideration for the note and mortgage, and the judgment canceling them is proper.

Mueller & Martin complains of the judgment because that corporation was not awarded a lien. Of course, if McDowell does not pay the judgment in favor of Mueller & Martin, he is not out anything, and is not entitled to a lien on the property. With the judgment in its present shape he may enforce his lien without paying the personal judgment. As the lien, which was discharged by the improper use of Mueller & Martin's money, has been reinstated by the judgment on the ground that if McDowell is compelled to refund the money to Mueller & Martin, no payment in fact has been made, we conclude that the only proper way to protect the rights of Mueller & Martin is to adjudge Mueller & Martin the benefit of McDowell's lien, which will be done on the return of the case.

On the appeals of John A. McDowell, the German Savings Fund Company Building Association's trustee in bankruptcy, and George E. Bauman, the judgment is affirmed. On the appeal of Mueller & Martin, the judgment is reversed, and the cause remanded, with directions to enter judgment in conformity with this opinion.

## Holder of Check Cannot Enforce it Against Drawee Bank

Edwards v. Guaranty Trust Co., California  
District Court of Appeals, 192  
Pac. Rep. 324

A bank check gives the holder of it no rights against the bank on which it is drawn unless the bank certifies the check. The reason is that there is no contractual relation between the holder and the bank. Ordinarily this does not materially affect the rights of the holder. If the check is refused the holder may bring an action against the drawer and collect it, unless the drawer has a valid defense. There are instances, however, in which the rule becomes important. In the present case the drawer of a \$4,000 check delivered it as a gift to the payee. When the payee presented it, the bank, for some reason which does not appear, refused to honor it. On the following day the drawer died. The holder could not enforce the check against the drawer's estate because the fact that he gave no value for it would be a good defense. And in an action against the bank it was held that the bank was not liable.

### OPINION

Appeal from Superior Court, Los Angeles County; Fred H. Taft, Judge.

Action by W. S. Edwards against the Guaranty Trust & Savings Bank. From a judgment for defendant, plaintiff appeals. Affirmed.

See, also, 190 Pac. 87.

WELLER, J. This appeal from a judgment in favor of the defendant is taken on the judgment roll. The basis of the action was a check for \$4,000, drawn on the defendant bank by one B. L. Liveson on February 28, 1917, payable to the plaintiff, and intended as a gift to him of the amount mentioned. On March 2, 1917, plaintiff deposited this check in his bank at Long Beach, and on the following day it was presented to the defendant bank for payment, which was refused. Liveson died on March 4, 1917, and the

check was never honored by the bank.

The complaint, as originally framed, contained three counts: (1) Based upon the alleged refusal of defendant to pay the check without any cause or reason; (2) alleging that the defendant, for the purpose of defeating the gift and maliciously preventing the said B. L. Liveson from accomplishing his desire to give the money to plaintiff, and for the purpose of keeping the amount in the estate of Liveson in order that the defendant, as executor of his will, might receive larger fees for administering the estate, refused to pay the check, to the damage of plaintiff in the sum of \$4,000; and (3) for money had and received from B. L. Liveson for the use and benefit of the plaintiff. The complaint also contains an allegation that the three causes of action arise out of the same transaction, and are connected with the same subject-matter. A demurrer was interposed to each cause of action set forth, and sustained as to the first two counts without leave to amend. Issue was joined on the third count, and, after trial, the facts were found in favor of the defendant, and judgment entered accordingly.

The sole contention of appellant is that the court erred in sustaining the demurrer to the second cause of action on the theory that, because the defendant maliciously prevented him from receiving the gift, plaintiff is entitled to recover the amount of the attempted donation from the defendant as damages. In the case of *Edwards v. Guaranty Trust & Savings Bank*, 190 Pac. 57, we held that, as the check involved in this controversy was not cashed prior to the death of Liveson, the attempted gift was not completed

by delivery, and that therefore the payee could not recover the amount from the estate of the donor.

A bank occupies the position of debtor to its depositors, and a check drawn against an account is only a direction to pay the amount thereof to the payee. No contractual relation with the payee, or legal obligation to him, is created by the signing of the check, and refusal to cash the check does not give rise to a cause of action in favor of the person to whom it is made payable. *Pullen v. Placer County Bank*, 138 Cal. 169, 66 Pac. 740, 71 Pac. 83, 94 Am. St. Rep. 19.

A gift is a voluntary transfer, without consideration, of personal property, and becomes effective only on delivery. Section 1147, Civ. Code. Until the purpose of the donor is carried into execution by a delivery of the subject of the gift, no interest vests in the donee. *Knight v. Tripp*, 121 Cal. 674, 54 Pac. 267. The mere privilege to be the recipient of a gift is common to all, and cannot be possessed or used to the exclusion of others; hence, it does not constitute property capable of ownership.

Before the plaintiff can recover damages herein, he must allege and prove that the defendant has committed some unlawful act which has resulted in injury to the person or property of the plaintiff. The only allegation in the count under consideration is to the effect that defendant prevented plaintiff from becoming the beneficiary of Liveson's bounty; and it is thus made to appear that plaintiff suffered no loss of property by defendant's action in refusing to cash the check. The demurrer was therefore properly sustained.

Judgment affirmed.



# Over the Manager's Desk

## A Little Story Regarding Commercial Letters of Credit

By Nathan G. Chatterton

Manager Foreign Department, Great Lakes Trust Company, Chicago

**"S**AY, Chatterton, I've bought some goods in China, and I have to put up the cash in advance or furnish a letter of credit. What'll I do?"

My friend leaned over the counter, and wrinkled his brow as if he had a tremendous problem to solve. Needless to say, he, like a great many others who went into the import-export business during the war, was new at the game. I had told him to come around and see me if I could be of help at any time.

"Come in and sit down," I said.

Soon we were puffing cigars together and looking over his papers.

"Is this the first order you have placed abroad?" I asked.

"Yes, directly. Of course, I have bought goods through import houses, but now I intend to do the importing myself if I can handle it."

I looked over his papers and found that he had bought some bamboo shoots from Chung Hing Trading Company, the terms being cash with order or an irrevocable letter of credit available in sight draft or drafts on a bank in New York or Chicago, goods to be shipped C.I.F. San Francisco. That, of course, meant that the seller would pay the insurance and freight to San Francisco and that my friend would have to pay the transportation charges from San Francisco to Chicago.

I explained that it would be better to put up the commercial letter of credit, because no cash would be required in advance except a deposit of 20 per cent. which we usually exact, and furthermore because we ourselves would not make payment for the goods except against a draft with proper shipping documents attached. The 20 per cent. referred to is to protect the bank against depreciation in the value of the goods covered by its letter of credit.

My friend decided to take the letter of credit, and I had an "Application and Guaranty" filled out for him to sign. This "Application and Guaranty" is in the form of a letter addressed to our bank requesting the issuance of a letter of credit, giving particulars regarding the goods to be covered, the documents to be required, the date on or before which the goods must be shipped, and the date when credit will expire; moreover, the applicant guarantees unconditionally the payment of all drafts drawn under the credit, and waives responsibility on the part of the bank for the genuineness of the relative shipping documents to be received, and the quantity, quality and/or arrival of the goods.

After the "Application and Guaranty" has been signed and the deposit of 20 per cent. received, I sent our Shanghai correspondents a cable which, when recorded, read something like this:

"Account James Smith Co. we authorize Chung Hing Trading Company value on us at sight up to \$10,000 gold plain and consular invoices, policy insurance, and full set bills of lading or parcel post receipts to our order covering full invoice value of bamboo shoots C.I.F. San Francisco shipped Chicago irrevocable credit expires Dec. 31, 1920. test——"

The test referred to was a combination of numerals standing, say, for the amount, the month, the date, and a private numeral, all taken from our private code sheet, of which our correspondents have a duplicate.

Now, let's follow this cable and see what happened to it when it got to China. The cable is decoded, and then a letter is written to Chung Hing Trading Company something like this:

"We have received a cablegram from our friends, the Great Lakes Trust

Company, Chicago, informing us that they have opened an irrevocable letter of credit in your favor for account of James Smith & Company, Chicago, up to \$10,000 (Ten thousand Dollars gold) to cover the full invoice value of bamboo shoots C.I.F. San Francisco.

"Your drafts must be drawn in duplicate on the Great Lakes Trust Company, Chicago, at sight, and must be accompanied by plain invoice, consular invoice, policy of insurance and full set of bills of lading or parcel post receipt, all to the order of the Great Lakes Trust Company covering shipment of the relative goods to Chicago.

"This credit will remain in force until Dec. 31, 1920, and all shipments must be effected and drafts negotiated on or before that date.

"We shall be very glad to negotiate your drafts at the very best current rates when drawn in compliance with the terms of this credit, provided this notice accompany the drafts."

So far so good. Chung Hing Trading Company are now satisfied that James Smith & Company, Chicago, mean business, and accordingly proceed to fill their order and ship the goods. But pending the shipment of the goods and the receipt of relative shipping papers there is something else of importance to do. The Chinese exporter must shop. He knows that he will have at a certain time a draft for about \$10,000 in gold to sell. If he is a manufacturer he buys his material and pays his labor and other expenses in silver, so that the question of how much silver he can get for his gold draft is highly important in order to determine his profit. This question is equally important to an export merchant, who undoubtedly would have to pay silver for the goods which he intends to ship to America.

The exporter, whoever he is, therefore offers his draft to various banks in Shanghai for future delivery, accepts the highest rate bid, and makes a contract to deliver the gold draft on or before a certain date.

In case the exporter is of the opinion that the price of gold is apt to advance

by the time his draft is ready to negotiate, he may take a chance and wait until the last minute before offering his draft for sale.

But I hear the query—what right has this exporter to peddle his draft around when the credit was opened through the correspondent of the Great Lakes Trust Company? Won't the Great Lakes Trust Company refuse to honor the draft unless it is drawn through its own correspondents? Not at all. Provided the terms of the credit have been complied with, no bank will refuse to honor a draft, no matter what bank negotiates it.

To digress for a moment, the writer recently opened several letters of credit in favor of a Calcutta merchant through the branch of an American bank. One draft presented to us about three weeks ago, I observed, had been negotiated by the branch of an English bank; another draft, presented a few days ago, had been negotiated by the branch of a Japanese bank. I don't know whether the branch of the American bank may negotiate the next draft or not. Competition is very keen for American exchange at the present time, and a merchant who has a New York or Chicago draft to sell rightly takes advantage of that condition.

To go back to the Chinese transaction, when offering his draft for sale the exporter exhibits the letter written by our correspondents, from which it is seen that the draft is payable not at Shanghai but at Chicago; so that knowing the responsibility of the Great Lakes Trust Company, any bank is glad of an opportunity to bid on a bill drawn under one of its letters of credit.

Well, in this particular case the draft is bought for future delivery by, let us say, a branch of an important British bank, and in due course the draft, with documents attached, is presented to them for negotiation. The letter of our correspondents referred to is presented with the draft, and a clerk of the negotiating bank goes over all the documents and checks them with the letter of credit to make sure that they fully comply

with the terms of the credit. He notes from the date of the bill of lading that the shipment has been effected on or before December 31, 1920; that the description of the goods shipped agrees with the description of the goods called for in the credit; that the amount of the draft and the amount of the plain invoice agree; that there is a consular invoice, without which the goods cannot be cleared through the Custom House at an American port; that the insurance policy is drawn for at least the invoice value (insurance is usually taken out for ten per cent. more than the invoice value); and that the credit has not expired. He thereupon pays for the draft at the rate of exchange agreed upon, and remits the original draft, with original documents, to the Chicago correspondents of his bank for collection, stating at the same time in his letter that the duplicate draft and documents will go forward by next mail.

So that some little time after the credit has been cabled to Shanghai, the draft described is presented to us for payment. A clerk in our bank gets out the folder containing a record of the terms of the credit, checks the documents precisely as the Shanghai clerk had checked them, and if all is in order he pays the amount to the presenting bank.

The buyer of the goods is then notified by telephone that the documents have arrived; he calls, pays the balance due the bank (he had already made a deposit of twenty per cent., you will remember), receives his documents, and the transaction is finished so far as the bank is concerned.

The terms of the credit opened might have provided for drafts at thirty days' sight. The same procedure described would have been carried out by the Chinese exporter and the Shanghai negotiating bank, except that the latter would have made a rate which would have allowed for interest for the thirty days' the draft would have to run after presentation. Instead of paying the draft, however, we should have ac-

cepted it by placing a stamp across its face something like this:

No. 34675

A C C E P T E D

At Chicago, Sept. 1, 1920

Payable October 1, 1920

GREAT LAKES TRUST COMPANY

Howard S. Moy, Asst. Mgr. For Dept.

W. A. Nicol, Cashier.

The acceptance would be delivered to the presenter, who would dispose of it in accordance with instructions received from China; that is, they would either discount the bill or sell it in the open market, or they would hold it for payment at maturity.

The principal reason why a thirty days' acceptance credit would be opened would be because the importer would want to have time to redeliver the goods to his customer, if he is simply an important merchant, or to turn the material into a finished product if he is a manufacturer. In the latter event the credit might be opened to cover drafts of longer terms, say sixty, ninety, or even one hundred and twenty days sight.

In this particular instance, we will assume that the importer has resold the goods for cash against ocean documents. He will draw his sight draft on his customer and attach to it his own invoice, requesting the bank to present the draft with the ocean documents they have received (except the plain invoice of the Chinese exporter) to his customer and collect the amount. The draft and invoice naturally will be for a larger amount than the original draft. After payment of the second draft has been received the proceeds are applied by the bank in payment of their acceptance. If the proceeds are received, say, Sept. 10th, the bank will allow their customer interest from Sept. 10th until Oct. 1, when they have to pay their acceptance.

If the importer is a manufacturer and requires the imported material for use in his own product, he may request the bank to deliver the ocean documents

to him on Trust Receipt, with the idea of selling his fabricated product before the maturity of the bank's acceptance, and thus being able to discharge his indebtedness in ample time. Now, a Trust Receipt is a document, in which the signer acknowledges receipt of certain specified goods on consignment, which he agrees is the property of the bank, and which (or the relative finished materials or proceeds) he agrees to hold at the disposal of the bank, etc., etc. It is designed so that criminal action may be taken against the violator of the trust. The question whether it is proper or safe to deliver documents against a trust receipt is one for each bank to decide for itself. The apparent practice at the present time is not to deliver any documents on trust receipt to any customer to whom the bank would not care to make a direct loan for equal value. After all, it is a question of how much faith a bank has a right to put in the honesty, ability and good business judgment of its customer.

I have confined this paper thus far to an example of an import letter of credit. Of course there are also export letters of credit and what are called domestic letters of credit. I have not the space to go into details regarding these two classes of credits. But if we put ourselves in the place of the Chinese merchants mentioned previously we shall see that our import credit was to him an export credit, and is precisely the kind of a credit which might be opened in our favor by some English house buying goods here, with this exception, that the credit would probably be opened in dollars and there would be no necessity of our shopping around to sell exchange for future delivery. It is true that the credit might be opened in pounds sterling. In that event the wise exporter would emulate his Chinese brother, and offer his sterling exchange for future delivery, and for the same reason. Before the war this question of exchange was not so important, because the fluctuations were comparatively moderate. Today ster-

ling is apt to fluctuate one full cent per pound and even more in a single day.

But I hear some one say: If England opens credit in our money, why don't we open credits in China in their money—silver? Why, indeed? One reason why this has not been done is because, owing to the complexity of the exchange situation in China, no bank having experience with the Far East is willing to open a credit in silver, and then have a dispute with its customer over the rate of exchange applied to payments under the credit. If the credits are opened in gold, the drafts are drawn in American money and the rate of exchange does not enter into the transaction except insofar as the Chinese exporter is concerned, as previously described.

Now, regarding domestic credits, I think the term explains itself. It simply is an instrument under which goods shipped from one point to another in this country may be financed.

Drafts under export, import, and domestic credits may be drawn at sight or on time, that is, at thirty days sight, sixty days sight, ninety days sight, etc., subject to certain rules of the Federal Reserve Board.

Now for a few definitions. It will be seen from the above illustrations that a Commercial Letter of Credit is an instrument designed, under certain conditions, to cover the payment of merchandise exported, imported or shipped from one part of this country or another.

A credit may be confirmed, or irrevocable; unconfirmed or revocable.

Briefly stated, an irrevocable credit is an instrument in which a bank assumes liability towards third parties for payment during a limited period against documents specified in the credit.

A revocable credit is a notification that a bank is prepared to make payment to a certain concern against certain documents covering certain goods; but such a credit is subject to cancellation at any time with or without notice to the beneficiary, and contains a clause to that effect.



Then there is what is called an "Authority to Purchase," which is much used by Chinese and Japanese banks. This "Authority" is either cabled or mailed by the Chinese or Japanese bank to its correspondents in Chicago or New York, and simply authorizes the correspondent to negotiate drafts on a certain concern in China or Japan, at sight or a longer term (usually sixty or ninety days sight) with certain specified documents attached, such draft to contain a clause that interest at six per cent. (or a higher rate) is to be added from the date of the bill to approximate arrival of remittance in Chicago or New York. Such "Authorities to Purchase" may be irrevocable or revocable, just as in the case of letters of credit, and usually contain an expiry date.

If you are a seller of goods, either export or domestic shipment, read carefully the next letter of credit you receive from a bank in order to ascertain whether it is irrevocable or revocable. If there is any doubt in your mind call up the bank and ask them to explain.

The question whether or not you should accept a revocable credit depends altogether on your opinion of your customer and his standing. Some high-grade concerns, both here and abroad, having given an order for certain goods, are willing to provide an unconfirmed credit in order to assist the shipper to obtain his money without delay, but will not provide a confirmed credit. The reason is obvious. In the first place, he is proud of his reputation and does not feel the necessity of providing a confirmed credit. In the second place, a commission is charged by a bank for opening a confirmed credit, in view of the liability the bank assumes under the credit, and the customer wishes to avoid this commission if possible. So that it appears that an unconfirmed credit may be accepted without uneasiness, provided the customer be high-grade in every respect, and provided he has sent you a formal order. Personally I have handled thousands of credits during twenty years experience, and seventy-five per cent. have been unconfirmed. I

think I may safely say that not more than one per cent. of the credits have been cancelled without the consent of the beneficiary. Of course if a customer is not well-known, it is much better and safer to insist on an irrevocable letter of credit.

I have been astonished to observe how many business men in this country do not take the trouble to read their credits when received, or, having read them, do not think it necessary to comply with the terms of the credits. The instructions usually are very complete, setting forth what documents are required, when the credit expires, etc., etc. The terms of the credit should be immediately compared with the order received from the customer. If there are any discrepancies between the customer's instructions and the terms of the bank's letter of credit, the bank should be notified immediately and the customer as well, in order that the terms of the credit may be rectified without delay. It is not a good plan to wait until the last minute, and then present documents to the bank that are not in accordance with the terms of their credit. Naturally, having based such terms on instructions from their principals, they are helpless until they receive amended instructions.

I remember well an incident which took place several years ago while I was in New York. A certain concern (which surely should have known better) presented some documents under a credit covering shipment of certain steel plates to Japan by way of San Francisco. The credit we opened called for railroad bills of lading, to order of shippers and blank endorsed. The bills of lading presented were simply straight, non-negotiable bills of lading covering shipment direct to the customer, and conveyed no title to the relative goods to the holder of the documents. Obviously, as our credit was opened under instructions from one of our San Francisco correspondents, who would want title to the relative goods until paid for in San Francisco, we refused to pay against the straight bills of lading.

A clerk referred the matter to me for decision, and I had to meet the irate presenter. He would listen to no explanation, declared that he had carried out his customer's instructions, and threatened suit unless we immediately paid him for his draft. And he was a vice-president of his concern! Naturally we wired San Francisco of the facts and requested instructions. This answer came back:

"We confirm your action in refusing straight ladings. Insist on order ladings."

In a couple of days, order bills of lading were presented to us and we made payment against them. But the vice-president did not come to the bank; he sent his office boy!

But I hear this question—supposing a commercial customer, himself the buyer of the goods, had instructed you to open the credit, would you have accepted straight bills of lading covering

shipment direct to him? No; unless, of course, he had given us specific instructions to do so, and for this reason: Goods shipped under a straight bill of lading can be diverted from their original destination without production of the bill of lading, and the consignee might find himself without his goods after having paid for them. Goods shipped under an order bill of lading cannot be diverted unless the bill of lading is produced, properly endorsed.

There are so many interesting sidelights in connection with letters of credit that it seems impossible to find a place to stop. In this brief paper I have sought only to give a few illustrations in the hope that the reader without experience may be helped.

Let me close with this advice: If you receive a letter of credit and its terms are not clear, take it to your bank, and request assistance. I am sure you will get it.



## The Commodity Standard or the Gold Standard

By Oscar Newfang

**W**HETHER a general rise in the price level of commodities is due to a decrease in the value of gold or to an increase in the value of other commodities, I do not intend to discuss at length. As far as I can see, the shock to business would be just the same in either case.

In a comparison of the relative merits of the gold standard for money and the commodity standard, it is well clearly to understand at the outset what is meant by these standards. The gold standard, which has been adopted by the leading commercial nations of the earth, is based upon the view that gold is best adapted to fulfill the functions of money.

The maintenance of the gold standard requires that all currency in circulation in a country must be freely convertible into gold at the unrestricted option of any holder.

The proposed commodity standard is based upon the view that the average value of a large number of staple commodities would not vary to so great a degree as that of any single commodity, like gold, and that, therefore, such an average price of a large number of staples should be regarded as the unit of value in the monetary system of the country. This average price at a given time is to be expressed as 100 per cent.; or, in other words, when the system is adopted, an average assortment of com-

modities worth \$1 is to be taken as the standard of value. Should the prices of these commodities rise five per cent., it is to be assumed that the value of gold has decreased by that percentage, and the Government is to proclaim that the amount of gold in the dollar shall be increased five per cent. If the index number of prices should rise ten or fifteen per cent., the Government is to proclaim an addition of ten or fifteen per cent. to the amount of gold constituting a dollar.

In this way it is claimed that prices will be kept from fluctuating, since the dollar (larger or smaller, as the Government shall proclaim) will always buy a fixed amount of commodities.

This process has been called "stabilizing the dollar."

#### RELATIVE MERITS OF THE TWO STANDARDS

In order properly to understand the relative merits of these two standards we must recall the elementary fact that money has two functions. First, it is a reservoir of value; and, second, it is a measure of value for other commodities.

Regarding the first function of money it is too plain for argument that the commodity or commodities which are to serve as a reservoir of value must be those:

1. Which contain the largest amount of value in the least bulk.
2. Which are readily divisible without loss of value.
3. Which are imperishable through fire, time, or other cause.
4. Which lose the least value through handling and transportation.

In all of these respects gold is incomparably superior to any multiple standard of bulky and perishable commodities.

This is so evident that the more intelligent advocates of the commodity standard (omitting those who advocate a purely fiat currency without reserve of any kind to sustain its value) still wish to retain gold to fulfill this first function of money. They are in favor of gold reserves against the commodity

currency, but they advocate keeping the gold reserve uncoined, in the form of bullion, never paying it out to the holders of the commodity paper money, and continually changing by government decree the number of grams of gold constituting the dollar. We shall see what would be the result of such a procedure a little later.

#### MONEY AS A MEASURE OF VALUE

Let us first consider the other function of money, that of a measure of the value of other commodities. The great advantage claimed for the commodity standard is that its value is constant, being made up of the average values of a large number of staple commodities, while the value of gold, being a single commodity, is subject to great fluctuations of value.

While I do not intend to discuss the subject at length, I believe that it is fair to assume that the nearest approach to a standard of absolute value is a year's hard work. Is it so certain, then, that the amount of corn, wheat, rye, oats, live stock, or any other agricultural product resulting from a year's hard work at agriculture is more constant than the amount of gold resulting from a year's hard work at gold mining? If the farmer works a year, but due to a drouth reaps only half a crop, is there not twice the amount of absolute value in each bushel? And is a half crop an unheard-of thing in agriculture? Where, then, is the absolute stability of values in commodities any more than in gold?

The amount of commodities resulting from a year's hard work in the industries, while not varying so much as in agriculture, still varies approximately as much as the resulting gold from a year's hard work in gold mining. While it is not contended that gold does not vary in absolute value, it is my contention that it varies as little, if not less, than most other commodities.

#### THE RESULT OF ADOPTING A COMMODITY STANDARD

And now what would be the actual result of the adoption of a commodity

standard? Whenever the general price level (or the index number) should rise ten per cent., the gold dollar would be declared to contain ten per cent. more gold to replace the shrinkage which this theory contends would have occurred in the value of gold. With a given amount of bullion this of course would reduce the percentage of cover for the outstanding currency by ten per cent. Should the price level rise 100 per cent. (as it did during the recent war), the gold cover would thus be reduced to fifty per cent. The result would be 100 per cent. inflation of the currency. The fluctuation in the amount of gold constituting a dollar would cause a speculation in gold, similar to the recent speculation in commodities; gold would be sold short on a rising market and hoarded on a falling market. If the Government freely redeemed its currency in gold, the result would be that the whole gold supply would be hoarded or cornered whenever the general price level was falling. No one will deny that it would be a very much easier matter to corner the supply of gold than to corner the supply of all other commodities in the country.

It will be seen that the evils of currency inflation suffered by most countries during the war would be precisely the same, if not worse, with a commodity standard, and we would have the added evil of a speculation in gold, which would be far more fatal to the economic security of society than the corresponding speculation in commodities, which, due to their vast quantities, cannot be cornered as gold could be.

In international trade a commodity currency would produce chaos, because of the constantly varying quotations of gold in the various countries. Com-

modity prices (or the index number) would not be identical in any two countries. Such a chaotic condition would quickly force international trade to ignore the commodity currency, as it does some of the worthless paper currencies of Europe, and settle balances in gold by weight. As the commodity money advocates admit, and sometimes even boast, commodity money would be non-exportable.

The evils mentioned would flow from a half-and-half commodity currency; that is, a commodity currency based upon a gold reserve. Some of the shallower advocates of this theory, however, would dispense with any gold reserve whatever. This, of course, would make the commodity currency purely a wildcat fiat currency and nothing more. If the suggestion is made that a reserve of the actual commodities represented by the commodity currency should be carried against it, this would require banks or treasuries that would make our biggest warehouses look like pygmies. The commodities would, of course, deteriorate with time and weather conditions, and the currency based upon them would be worth no more than the deteriorating commodities held to redeem it.

Let us hold fast to the common-sense proposition that real money must have real value back of it, and that the best form of real value for a monetary reserve is gold. The commodity currency theory is simply a variation of the theory of a fiat currency; and one would think that the present experience of Russia, Austria Hungary and Germany with that kind of a currency would be sufficient to show its evil effects upon the economic life of a country.



# Can Savings Banks be Forced to Invest Their Surplus Funds in Real Estate Bonds and Mortgages?

By Thomas C. Jefferies

**T**HERE has been introduced and is now pending at Albany legislation that is designed to prevent savings banks of New York state from investing their surplus funds in bank acceptances and bills of exchange. The bill would repeal the State law enacted several years ago under which savings banks were authorized to make loans on bank acceptances and bills of exchange.

This legislation apparently is not intended to be constructive; in reality it is simply coercive—a sort of collateral legislation that has been wrapped up with measures designed to relieve the acute housing situation which has developed within the State of New York, and especially in the Greater City.

The statesmen who proposed the measure apparently hoped to force savings banks to invest their surplus funds in real estate mortgages. This is certainly a vain hope. Besides narrowing the market for bank acceptances and thus defeating the efforts of the Federal Reserve Board and other agencies to popularize and broaden the market for these acceptances, the measure could not possibly accomplish the end of forcing savings banks to put their money in real estate bonds and mortgages. These institutions would either place their funds on deposit with their correspondents or invest them in some kind of securities permitted by state laws. The bank acceptance has furnished them with an ideal investment for the surplus funds because it possesses the three fundamental requisites of security, yield and availability of funds.

The proposed legislation if enacted would place New York savings institutions at a decided disadvantage com-

pared with other similar institutions elsewhere, especially in such near-by localities as Jersey City, Newark, Philadelphia, Boston and those in states further removed which do a large savings bank business by mail.

When the legislation went into effect amending New York State Banking Law so as to permit savings banks to invest their funds in bank acceptances, the action was gratifying to New York savings institutions generally. Such act was certain not only to enlarge the field of usefulness of such institutions but also to broaden the market for acceptances. Trustees of many savings banks have learned from the great declines that have taken place in what they had previously regarded as gilt-edge securities that the superlative degree of caution which kept prime bills of exchange under a sort of suspicious contempt was unwarranted. We have had opportunity to observe that even preferred stocks and first mortgage bonds can decline in price.

## ADVANTAGES OF BANK ACCEPTANCES

Bank acceptances are liquid; they yield a satisfactory return, they are available for rediscount at the Federal Reserve Bank and can be readily negotiated in the open market.

Many states have found desirable a broader view of these bills of exchange as suitable investments for savings banks funds.

In Massachusetts the legislation was desired to establish a broad market for bank acceptances and to aid in the permanent establishment of dollar credits. Both ends were admirably attained.

## LAWS OF THE DIFFERENT STATES

Various states hold different attitudes towards this question of the investment

of savings bank funds in bank acceptances, but the difference is chiefly one of degree and not of type. For instance, the present laws of California provide that a savings bank may discount or purchase bankers' acceptances of which the acceptor is a bank or trust company having a paid-in capital of \$1,000,000. Such bankers' acceptances shall be bills of exchange of the kind and character defined and made eligible under the Federal Reserve Act and the then current regulation of the Federal Reserve Board for rediscount or for purchase in the open market by the Federal Reserve Bank; provided, however, that no savings bank shall at any time acquire by discount or purchase an amount of such bankers' acceptances greater than fifty-five per cent. of its deposits nor shall any savings bank be permitted to acquire any such bankers' acceptances from any one acceptor in an amount which shall exceed five per cent. of the capital and surplus of such bank. The law further provides that:

No bill shall be eligible for discount or purchase by a savings bank, the proceeds of which have been used or are to be used:

1. For a permanent or fixed investment of any kind such as lands, building, machinery, including additions, alterations or other permanent improvements, except such as are properly to be regarded as costs of operation.

2. For investments of a merely speculative character, in goods or otherwise.

3. For carrying or trading in stocks, bonds or other investment securities.

4. And must not be a bill of any individual firm or corporation which has under pledge or hypothecation any of its personal assets or which has any contingent liability arising from the rediscount of bills receivable or from accommodation endorsements of such individual, firm or corporation.

The laws of California also provide that no savings bank shall at any time acquire by discount or purchase an amount of such commercial paper great-

er than five per cent. of its deposits nor shall any savings bank acquire, directly or indirectly by discount or purchase, any such commercial paper of any one person, firm or co-partnership or corporation, in an amount which shall exceed five per cent. of the capital and surplus of such bank.

The laws of Connecticut provide that savings banks may invest up to three per cent. of their deposits and surplus in acceptances authorized by the Federal Reserve Act of the United States, or any national bank, or member of the Federal Reserve Bank, in that state, or in Boston, Massachusetts, Providence, Rhode Island, or New York city, or Philadelphia, Pennsylvania or of any state bank or trust company in that state, which may be authorized to issue such acceptances; but the amount invested in the acceptances of any one bank by any savings bank must not exceed thirty per cent. of the capital stock, surplus and undivided profits of such bank, and the amount invested in the acceptances of any one bank by a savings bank, when added to the sum of any funds deposited by the savings bank in such bank, must not exceed thirty per cent. of the capital stock, surplus and undivided profits, of such depository bank.

In Indiana enactments permit savings bank to deal in exchange by purchasing and selling sight or time drafts and acceptances payable out of that state up to ten thousand dollars and for a period not exceeding 120 days to run from the time of the purchase thereof.

In New Hampshire savings banks may invest in acceptances of member banks of the Federal Reserve System, of the kinds of maturities made eligible for rediscount or purchase by Federal Reserve Banks or in notes of makers whose net assets are not less than \$250,000 and whose indebtedness does not exceed fifty per cent. of their quick assets, but not exceeding five per cent. of the deposits can be loaned to any one borrower on this class of security; and not exceeding thirty per cent. of the deposits shall be invested under the

provisions of this law, which provides that except in notes with two or more signers or one or more endorsers, or in acceptances, no savings bank shall invest hereunder unless its guaranty fund is full and unimpaired and the total value of its assets as determined by the Board of Bank Commissioners shall exceed the amount of its deposits by at least ten per cent.

In New Jersey all banks are authorized to accept for payment at a future date drafts drawn upon them by their customers and to issue letters of credit authorizing holders thereof to draw drafts upon them or their correspondents at sight or on time for a period not exceeding one year; provided that the total amount of such drafts so accepted or letters of credit so issued for any one person, firm or corporation must not at any time exceed ten per centum of the capital and surplus of the accepting or issuing bank.

In Vermont the assets of savings banks may be invested in acceptances based on exports, imports, or domestic commercial transactions, when the accepting bank is one that the law per-

mits an account with, and when such acceptances are drawn for not longer than ninety days.

The laws of Ohio and Iowa permit savings banks to invest their funds in "bills of exchange" and drafts without specifying the particular kind of "bill of exchange" under which acceptances come.

Colorado, Idaho and New Mexico savings banks invest their funds in commercial paper and North Dakota in promissory notes.

Many of the states have not as yet undertaken to regulate by legislative enactment the investment of the funds of savings banks, but more of them each day are giving the matter of the investment of funds in bank acceptances the serious consideration to which its importance entitles it.

None of them save New York has suggested reactionary measures; as stated, the tendency has been almost universally in the opposite direction. If the effect of the pending measure is understood and it depends upon its merit for passage, it is certain to be defeated.



## Plans For Financing America's Foreign Trade

Prospectus of the A. B. A. Hundred Million Dollar Corporation Authorized by the Edge Act

**T**HE following prospectus for a new corporation to finance America's foreign trade has been issued by the committee of arrangements which includes: John McHugh, chairman, John S. Drum, Lewis E. Pierson, George E. Smith, Charles H. Sabin, Fred I. Kent, Hon. Walter E. Edge, John H. Fayey, John W. Staley, O. K. Davis, and E. P. Thomas. William F. Collins, 5 Nassau Street, New York, is secretary.

It is proposed to organize a corporation under the provisions of the Edge Act, with an authorized capital of one hundred millions of dollars, for the financing of American foreign trade, operations to begin on or about January 1, 1921.

The Commerce and Marine Committee of the American Bankers Association, comprising fifteen bankers, representative of the entire United States, after two years' study of the importance of American foreign trade to our domestic situation, recommended the organization of such corporation. The committee made four different reports to the association, all of which have

been unanimously approved. The last report was made to the convention of the association held at Washington in October of this year, and thereafter the president of the association was authorized to request bankers and business men to meet to take appropriate steps in connection with the organization of such corporation for the purposes stated.

#### MEETING

Such meeting will be held in Chicago at the Congress Hotel on December 10th and 11th of this year.

#### REASONS FOR IMMEDIATE ACTION—OUR EXPORT TRADE

An immediate inauguration of this corporation is believed vital to the interests of the United States, in order that our foreign trade may be properly financed, and in order that our industries may be protected, so far as is possible, from an anxious future with attendant elements of unemployment and unrest. Stagnation has developed in the United States for commodities such as wool, sugar, rubber, coffee, leather, certain metals, and various other staples, and, to a lesser extent, for wheat and cotton, whereas practically all such commodities are urgently required in many other countries of the world. The American dollar is at a premium in practically every country of the world to such an extent that

(1) Exports from the United States to many countries during a considerable period have not been paid for by those countries.

(2) Future exports from the United States for an indefinite time cannot be paid for in large part except over an extended period.

(3) In the case of countries where, it is believed, exchange may turn within a few months, buying in the United States has practically stopped, except where arrangements could be made for postponing payment until exchange turns.

(4) European countries in general are being obliged to confine their purchases here rigorously to necessities of the moment and are unable to obtain sufficient raw material to restore their industries.

#### EFFECT ON INDUSTRY

Our export trade outside of Europe, which has been built up during the last several years, covering South America, South Africa, Australasia and the Far East, is beginning to back up and throw goods manufactured for export into competition with goods manufactured for domestic consumption in the markets of the United States.

#### LOANS OF BANKS

The banks of the country up to this time have taken part in foreign loans directly, and also indirectly through the advance of funds to manufacturers who in turn have

in effect loaned their production abroad. While such loans have been helpful in continuing our foreign trade, they have been carried about as far as conservatism warrants. Further credits, in order to meet the situation and allow the distribution of the over-supply of commodities in the United States and prevent the accumulation of manufactures, must be of longer time than banks and industrial institutions can legitimately undertake to carry.

#### SCOPE OF CORPORATION

Formed under the Edge Act, which is an amendment to the Federal Reserve Law, with sufficient capital to enable it to operate in many parts of the world simultaneously, it is believed that the proposed corporation would offer the best available means of meeting the situation effectually. This corporation would carry sufficient weight to enable it to operate with interests of the highest standing wherever it undertook business, exerting a certain and commanding influence abroad. With one hundred million dollars capital, it would command the highest degree of public confidence, attract the best expert talent and give the utmost protection to the investor. It would be in position to formulate a widespread educational campaign for production and thrift, and thus create a market for its debentures among the private investors of America without in any way militating against the existing investment market. At the same time it would be in position to encourage, with permanent results, the export trade not only of individual parts of the country but also of the country as a whole. It would be able to carry the expense involved in the establishment of agencies in foreign countries, wherever necessary to keep in close touch with developing conditions.

#### SUBSCRIBERS

It is proposed that all banks and business corporations, and the public generally throughout the country, shall be invited to subscribe for stock, subject to allotment in the event of over-subscription.

#### SUBSCRIPTIONS FROM BANKS

The law provides that a National Bank may invest in the stock of a corporation as proposed, on condition that the aggregate amount of stock held in all such corporations shall not exceed ten per centum of the subscribing bank's capital and surplus. Under the provisions of the McLean-Platt Act, a National Bank may file application with the Federal Reserve Board until January 1, 1921, for permission to subscribe for stock of such corporation.

#### PRICE OF STOCK

In the event of organization, it is proposed that subscriptions be received at the



rate of \$105 per share of \$100, thus providing \$100 of capital and \$5 of surplus for each share subscribed. There would be no underwriting or promotion stock.

#### PAYMENTS

The law provides for the payment of twenty-five per cent. of the capital at the commencement of business, and the balance in installments of at least ten per cent. of the whole amount every sixty days thereafter. Payments by subscribing banks would thus be extended through the year 1921 and well into 1922, and the corporation would still be able to do business on as large a scale as it could safely undertake, in view of the necessity of a careful checking up of all conditions which might surround its every operation.

#### DEBENTURES

The corporation would be permitted by law to issue its debentures against existing securities owned by it to an amount equal to ten times its capital. One reason for its capital being placed at one hundred millions of dollars, is to give it the maximum financial ability of one billion one hundred million dollars. Debentures could undoubtedly be distributed, secured by high-class foreign obligations of sufficiently long time to enable the restoration of industries in importing countries, and allow of payment being made at maturity. Such operations would naturally be of a class that would not compete with investment bankers handling foreign securities; indeed, they should go far toward increasing the merit of such securities through helping in the reorganization of foreign industries.

#### SUPERVISION

The corporation's business and activity would be subject, as provided by law, to supervision by the Federal Reserve Board, the same body that supervises the Federal Reserve Bank System.

#### MANAGEMENT

It is proposed that the management of the corporation shall be as prudent and capable as the management of our best banking institutions.

#### DIRECTORS

It is proposed that the directors shall be elected by the stockholders in a way that will provide for representation of the entire country on the Board.

#### SAFETY

It is proposed that no business shall be handled by the corporation except that which shall be in the interest of American foreign trade, and then only if it be entirely safe from the standpoint of the stockholders' investment.

#### PROFIT

It is confidently believed that an investment in the stock of this corporation will not only be of great benefit and help to American foreign trade, but that such investment will prove to be an entirely safe and in due time profitable one.

#### DISTRIBUTION OF DEBENTURES

It is proposed that the stockholding banks of the corporation shall be its agents in distributing its debentures and for such service proper compensation shall be paid.

#### EFFECT ON BANKS

The functioning of such a corporation will unquestionably prove helpful to the banks of the country. It will relieve them of many transactions which they are now carrying on in short time form, but which are in fact long time credits. It will not be competitive with the banks, but will reinforce them. Under successful operation it will prevent the tying up of further funds by bankers in advances for foreign account at the expense of American industries, without any resultant detrimental competition to the banks.

#### EFFECT ON TRADE

It is believed that the effect of the organization of such a corporation at this time will be most beneficial, and it is also believed that the functioning of the corporation will, as heretofore set forth by the Commerce and Marine Committee's report, promote, thrift, efficiency and greater production, the result of which will find reflection in our foreign trade, which in turn will prove profitable and be productive of greater wealth.



# Book Reviews

**HOW TO MAKE MONEY IN FOREIGN EXCHANGE AND FOREIGN BONDS.** By W. J. Greenwood, C. P. A. New York: Financial Books Company.

The author gives details of the best bonds of each of the foreign countries, with their present market values and indications of the probable profits to be made.

The investor is shown how he can manage these investments, is directed as to investment of large or small sums, and how to buy and when to sell. A report of the wealth and resources of the European countries is given as proof of the security for repayment of their bonds.

Mr. Greenwood's knowledge and experience of his subject may be judged by the fact that he is a certified accountant in the United States, London and Paris, and was formerly special lecturer on foreign exchange and international trade methods for the University of London Commercial Courses.



**THE CZECHS AND SLOVAKS IN AMERICAN BANKING.** By Thomas Capek and Thomas Capek, Jr. New York: F. H. Revell Company.

As no tabulation has been made heretofore of banks in which the majority of stockholders are of Czech and Slovak origin, the authors of this little book have published it to show this phase of the activities of the people of that country who are now citizens of the United States.



**THE SLEUTH OF ST. JAMES SQUARE.** By Melville D. Post. New York: D. Appleton & Company.

A series of remarkable episodes in the career of Sir Henry Marquis, chief of the investigation department of Scotland Yard, are interestingly unfolded. The story is written from an unusual angle and according to a new method, different from the ordinary detective story.

**CORPORATION FINANCE.** By Edward S. Mead. New York: D. Appleton & Company.

The present revision of this book is more extensive than any so far and includes all recent developments in corporate financing and in legislation, both federal and state. It describes the procedure of financing a corporation, including the raising of money for construction, etc., the distribution of corporate earnings, the different types of the securities issued to obtain new funds and the considerations influencing the selection of different types, the method of consolidating corporations, the procedure in receivership and the methods of reorganization of the capital accounts of solvent and insolvent corporations. The book contains a large amount of concrete material, in addition to the theoretical considerations.



**SOME ASPECTS OF BANKING THEORY.** By Wm. H. Steiner, B. S., A. M. New York: W. D. Gray.

Certain aspects of banking have been selected for detailed analysis by the author, who is assistant director, division of analysis and research, Federal Reserve Board. Attention is given to the evolutionary character of banking, followed by discussion of commercial banking, banking in the present economic order, investment banking and, finally, analysis of the operation of the banking system in general.



**RELIGION AND BUSINESS.** By Roger W. Babson. New York: The MacMillan Company.

The author tells in this book the things that the business men think about the church and what the church thinks about the business men. He talks religion in business men's forms of thought and language. Since the church survives its apparently slack and un-businesslike methods of work, and conditions that would kill any other institution, he believes that it is well worth the study of the business men.

# Banking Publicity

Special Section of The Bankers Magazine

DECEMBER 1920

## Catching the Holiday Spirit

DURING THE season of Christmas and New Year's, people are in a particularly receptive mood for sentimental suggestions. The bank advertiser should not fail to take advantage of this condition, and by putting a touch of Christmas sentiment in his advertising he can do much to promote the bank's good-will and to win for it many staunch friends for the coming year.

Christmas decorations in the bank's lobby are by no means out of place, and help to make the bank attractive at this season and to give customers the feeling that after all the bank is human. The bank's windows should also not be neglected and should contain some sort of display suggestive of the season. For example, an appropriate display would be a number of bank books surrounded by Christmas trimmings and accompanied by a poster reading: "An Appropriate Holiday Gift—A Christmas Bank Account."

Last year a northwestern bank sent out an attractive pamphlet which was entitled "Our Holiday Deputy" and read as follows:

If we were endowed with magical powers we might be able to make a personal New Year's call on each member of our family of depositors.

In the early 70's, during the first years of this bank's existence, this pleasurable courtesy might have been a New Year's possibility.

In the present early 20's, this possibility has passed to the realms of magic. Our depositors are now numerous enough to form a good sized city.

We appoint this letter therefore, to be our holiday deputy to wish you much prosperity and progress in 1920, and, personally, a very great measure of health and happiness.

We believe in sentiment in business—not insipid sentimental-

ity, be it understood, but sturdy, friendly sentiment.

In this year of grace, 1920, we hope to make this friendly feeling work for you to your better advantage.

These good wishes are not entirely unselfish, for your success means our success.

It is your business and your co-operation that have contributed greatly to the progress of this bank. It has been upon the recommendation of depositors that many of our new accounts have originated, and from their thoughtful suggestions that many improvements in our service have been made.

It is for such co-operation that we wish to thank you. We shall always endeavor to merit it.

With an appropriate Christmas illustration the Union Trust Company of Pittsburgh



They had a small business  
—that is why they wanted  
a big bank.

TWO young men who had been success-  
ful capitalists in larger business wanted  
a business of their own.

"It will be a small business at the begin-  
ning," they said. "This one reason we want  
a large bank. We want to talk with men  
who can help us to think big and plan  
wisely, who can bring to our smaller efforts  
a broad, successful experience such big com-  
panies of many kinds."

The Equitable Trust Company has always  
welcomed for each young man. If you could  
see how intensely our service is built into  
the success of some of our young men, it  
would help you to understand what a very  
human business this line business of  
financing New York.

THE EQUITABLE  
TRUST COMPANY

OF NEW YORK  
BANKING TRUST & INSURANCE  
SAFE DEPOSIT VAULTS  
Total Resources Over \$100,000,000  
37 Wall Street

Branches:  
Madison Ave. at 46th St. 22 Broadway  
Grand Ave. at 10th St. 111 Broadway  
Grand Ave. at 10th St. 111 Broadway

## FINANCING NEW YORK

Successfully refuting the fallacy that  
large banks are not interested  
in small business

last year used a two-column advertisement which read as follows:

### TINY TIM'S TOAST

Thousands of good people who have read Dickens' "Christmas Carol" will recall Tiny Tim's all-comprehensive prayer-toast, "God bless us, every one!"

At this time of good-cheer and good-will, we know of no more suitable or reasonable expression of sentiment than that of Tiny Tim's.

The National City Company put the Christmas touch in one of their investment advertisements which read:

### THE CHRISTMAS MAGIC OF HIGH-GRADE SECURITIES

The wise men of to-day give Christmas presents that do not fade from memory. A good security is the most substantial of Christmas tokens. Its value is perennial. It is like the magic purse of the fairy tale, in which a new coin appeared to take the place of every coin withdrawn. The maturing interest of a prime security serves as a continuing reminder of the generosity of the giver.

The National City Company can provide you with attractive securities ideal for Christmas gifts, gathered carefully by experts from among the world's best government, municipal, public utility, railroad, industrial, and realty issues.

In 1919 the Merchants National Bank of New York, now the Bank of the Manhattan Company, sent out a Christmas card on which was reproduced an old wood cut of Wall Street in 1803, the year that the bank was organized.

A western bank that was offering to give a home safe with every new savings account used the following Christmas advertisement:

TRUE CHRISTMAS SPIRIT  
PROMPTS THE GIFT THAT  
ENCOURAGES THE RECIPIENT  
TO HELP HIM-  
SELF

Give a Savings Account and you lay a firm foundation for thrifty habits.

The practical help comes with

(Continued on page 967)

## Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

DECEMBER 1920

THE NEW BUSINESS DEPARTMENT is considered important enough in several of the larger banks and trust companies in New York, Chicago and Cleveland to place a vice-president of the institution in charge of it.

BANKS GENERALLY feel that there is a vast amount of business to be obtained from their own customers. Personal solicitation is being used for new business of almost every nature, including custody accounts, trusts, foreign exchange, bonds, country bank accounts and commercial accounts. Trust departments are rapidly being developed by national banks and they are intensively cultivating their present depositors to get business for this new department.

THERE IS A feeling that increased efforts should be made to humanize trust advertising. That is, that it should be simplified so that more people will understand what a trust company does in its trust department. The campaign soon to be launched nationally by the trust company section of the American Bankers Association ought to help materially in this direction, especial-

ly if trust companies locally will co-operate in their own advertising.

THE LIVE bank advertising man is always looking for new angles to bring out in advertising his institution. For instance, a bank man noticed that in a policy of insurance against the forging and raising of checks, the insurance company inserted a clause to the effect that in order to enjoy the benefits of the policy it was necessary for the assured to see to it that his bank account was balanced every month. This fact made the basis of a good advertisement calling attention to the bank's monthly statement system of handling customers' accounts.

A BANK should be on friendly enough terms with depositors employing large numbers of persons so that a list of employees could be obtained for the purpose of following up, especially in behalf of the savings department. There are many other ways in which good, live mailing lists can be obtained and it is one of the first duties of the publicity or new business manager to secure such lists and see that they are kept up to date.

EVERY ADVERTISING BANK should choose a distinctive style of type and always use it in its advertising. That will create a sort of

trademark value. Some banks have bought their own special fonts of type and placed them in the local newspaper composing rooms. The big advertising banks, through their advertising agencies, get a satisfactory layout, have electrotypes made and sent to one newspaper office where stereotypes are made for printing in that paper, and stereotyped matrices ("mats") are made for use in other papers. This usually eliminates typographical errors and insures a uniform and satisfactory appearance for the advertisement. As to type faces best suited to the bank advertisement, Caslon is used almost too frequently. While it is a most satisfactory type face to suggest dignity and stability, other faces are quite as appropriate. Bodoni is pre-eminently suitable, yet it is very little used. Goudy Old Style is another, and although quite different from any of these, Bookman is another. Scotch Roman, while beautiful and appropriate in general, has the fault of over-heavy capitals, which stand out too strongly. As to methods of use, simplicity, an avoidance of undue display, richness, if you like, but nothing ornate, and legibility seem to cover the requirements.

"You only, O books, are liberal and independent. You give to all who ask, and enfranchise all who serve you assiduously."  
—Richard de Bury.

**Catching the Holiday Spirit**

*(Continued from page 965)*

the little Home Safe that you can secure with Christmas Accounts opened at this bank. With this safe the proud owner of a new Savings pass-book finds it easy to save spare dimes, nickels and quarters, and the total amount saved grows with surprising rapidity.

Some banks on New Year's Day publish a statement of the bank's condition, together with a summary of the progress made during the past year. Incidentally they take the opportunity of thanking their customers for their co-operation, which made such progress possible.

The Northern Savings Bank of St. Paul put the children's appeal in the following Santa Claus advertisement:

**"HELLO SANTA!"**

"Since I wrote you, I have changed my wishes about the many playthings. I believe that I would rather have a savings bank book from the Northern Savings Bank. I hear that they inclose them in a beautiful Christmas envelope. That would be dandy."

Even trust business can be given a Christmas twist, as, for example, the following advertisement of the Bankers Trust Company:

**A WISE MAN'S CHRISTMAS THOUGHT**

Instead of giving large sums of money outright, many prudent men are putting such funds in trust with this company, making the income payable to the beneficiary. The principal amount can be paid over on a specified date.

Might it not be wise as well as kind to establish, as a Christmas gift, a trust for each of the persons dependent on you, or for some other person or object you wish to support? Thus they would have the satisfaction of knowing that their maintenance will be assured, no matter what your own circumstances might be, because under the law their incomes would be entirely separate from your own.

The examples just given are only a few of the possibilities of Christmas and New Year's bank advertising. Every bank will have its own particular idea of what should be done, but no bank can very well afford to ignore the season entirely.



One of the most interesting exhibits of advertising at the recent Washington Convention of the American Bankers Association was the striking newspaper campaign of The Equitable Trust Company.

The illustrations have been unusually successful in creating an accurate impression of the size, scope, stability and quality of the institution.

The copy is short, concise, to the point, and distinctly human in its appeal to the seeker after banking, trust and investment service.

The Equitable Trust Company has carried its thorough handling of advertising matter beyond its newspaper and magazine copy. The booklets of the company are really masterpieces of the printing art and are so readable in arrangement and subject matter that they are almost certain to be read by each recipient.

A picture of the Equitable Trust Company's exhibit, which was secured from the advertising manager, Arthur DeBebian, who has been responsible for the development of the company's advertising, is reproduced above.

## Advertising at the Bankers Convention

AT THE RECENT convention at Washington of the American Bankers Association unusual emphasis was placed on bank advertising, probably owing largely to the fact that Richard S. Hawes, the retiring president, is a firm believer in the value of advertising. This emphasis was shown in three ways:

First, by arranging to have advertising given a place on the general program. This commission was assigned Fred W. Ellsworth, vice-president of the Hibernia Bank & Trust Company and a former president of the Financial Advertisers' Association.

Secondly, by arranging a conference on bank advertising and publicity for the second evening of the convention. This conference was conducted under the auspices of the public relations

committee, and was presided over by M. E. Holderness, vice-president, First National Bank of St. Louis, the founder and former president of the Financial Advertisers' Association. The chief speakers of this conference were Herbert S. Houston, editor of *World's Work*, and former president of the Associated Advertising Clubs of the World, and Wm. Ganson Rose, of Cleveland, a pioneer bank advertising authority. This conference attracted a standing-room audience, and was easily rated the live-wire meeting of the convention.

Thirdly, by bringing to Washington the complete exhibit of the Financial Advertisers' Association, just as it was shown in June at the convention of the Associated Advertising Clubs of the World. This ex-

hibit was under the supervision of Carroll Ragan, of the United States Mortgage and Trust Company, New York. It was set up in the Red Room of the New Willard Hotel, consisted of 5,200 feet of select bank and trust company advertising specimens, embracing media and methods of every character used by 500 leading financial institutions, and was the center of attraction from the opening of the convention week until its close.

Herbert Morgan, assistant vice-president of the St. Louis Union Trust Company and secretary of the Financial Advertisers' Association; F. D. Conner, of the Illinois Trust and Savings Bank of Chicago, and E. H. Kittredge, of the Old Colony Trust Company, Boston, both vice-presidents of the F. A. A., represented the F. A. A. at the convention and took prominent parts in the advertising conference. A large number of other members of the F. A. A. attended the convention unofficially.


A notable incident of the conference was a resolution unanimously adopted memorializing the American Bankers Association to make the conference, the exhibit and a place on the general program permanent features of American Bankers Association conventions.

The following high-lights are indices to the constructive force of the efforts that were made in the convention for the promotion of advertising and publicity:

Extract from report of Committee on Public Relations:

Public opinion, that elusive mistress of fortune, is courted assiduously these days with various forms of public relations, by people in all walks of life, and is reckoned in the constructive efforts of most all organizations. Too long the American Bankers Association has sedately refused to pay homage to the power of properly disseminated public information, although the list of those national associations developing such departments as major activities has grown apace. We do not seek to mold opinion

## The Private Office Discarded



Not so very long ago it was customary for bank officials to have their private offices away from the general banking room.

The First National Bank changed from this order about ten years ago, realizing that the customers' accessibility to the managing heads was a form of modern service that was rightfully due its customers.

We invite you to notice, the next time you are in the First National, how easy it is to speak to any of the officials of the bank with whom you desire conversation.

THE FIRST NATIONAL BANK  
OF PORTLAND OREGON

THE FIRST NATIONAL BANK WEST  
OF THE ROCKY MOUNTAINS

MEMBER AMERICAN BANKERS ASSOCIATION

Featuring the accessibility of its officers. Such copy helps to overcome the public feeling that bank officers are cold and aloof

by the overworked propaganda methods, but to enlighten and aid the proper public opinion as concerns the importance of banking, its place in the community and the nation, and the work of this association.

Extract from Fred Ellsworth's address before the general session:

Probably the most significant concrete action of the American Bankers Association in recent years along the lines of intelligent, continuous, educational publicity, was the authorization of a committee on Public Relations. This committee has a big purpose and with proper support and the undivided co-operation of the members of the American Bankers Association, it can produce tremendous results by way of popularizing the profession of banking, making known to the average man just how necessary are the banker and his activities to the business world, and how genuinely helpful and advantageous are the functions of a bank to the individual, the firm, the corporation, the community, and the nation.

That the banks of the country are awakening to the importance of keeping in touch with the public is well evidenced by the remarkable growth in recent years of the Financial Advertisers' Association. This association started only four years ago, and now has a membership in excess of 500, and every member is intimately in touch with the publicity or public relations of his institution. The work that this association is doing, both by individual effort, and as an association, in practically every important community in this country, is producing definite results in acquainting Mr. Average Man with the essential part that the banker plays in the commercial, industrial, and agricultural program of our community.

Extracts from M. E. Holderness' address before the general session:

It is a mistake in my opinion, for the several sections of the American Bankers Association to work along independent lines of publicity and advertising. Such a course is bound to result in duplication of effort, decreased efficiency, and that kind of disappointment that always comes when a fundamental law of economics is violated. Such a policy creates competition that is never progressive.

A very few years ago bankers thought only the savings end of the business could be profitably exploited through paid advertising. Later it was decided that it was ethical and even profitable to advertise for trust business, and within very recent years, it has been found that commercial business also responds to advertising.

## Who's Who in Bank Advertising



FREDERICK W. GEHLE

In 1916, at the invitation of Gates W. McGarrah, president of the Mechanics and Metals National Bank of New York, Mr. Gehle left the position of Wall Street editor of the New York Evening Post to organize an advertising department for this bank.

A feature of Mr. Gehle's work has been in the building up of good will for the bank by a program of educational advertising, consisting of informative pamphlets on matters of public interest. In this connection Mr. Gehle inaugurated the bank's monthly letter which now circulates all over the world and is widely quoted as an authority on current economic questions.

With nine branches in New York City recently added to the bank, with a trust department recently organized and with rapidly growing foreign and investment departments, the scope of Mr. Gehle's department has been greatly enlarged.

Just at present Mr. Gehle is giving a great deal of thought and time to the inauguration of the new Foreign Trade Finance Corporation which is being organized under A. B. A. auspices.



## This Is No Time For Idle Money

**EVERY DOLLAR** ought to be at work these times. Even if your business expects to have use for part of its reserve fund in the near future it will pay you to let it earn interest while always available.

**THAT** is what it will do if deposited with this Company. Confer or correspond with us relative to our plan for keeping a certain amount of your resources liquid, and yet on a satisfactory earning basis.

## FIDELITY TRUST COMPANY

Charles and Lexington Streets

Sound advice in view of the recent credit stringency

A campaign by any one section of this association, exclusively conducted, for the purpose of bringing business directly and immediately to the banks of that section, will be disappointing. A general campaign, conducted by the association at large, under the joint supervision of the several sections, will succeed and get results, provided—(1) That its purpose be to sell the association to its members and to the American public at large. It is not going wide on facts to say that in many cases, membership in the A. B. A. is either lightly held, or held under a misapprehension, and I think you will agree with me that the American Banker is the most misunderstood of all business men. (2) That its further purpose be to advise the public regarding the use of their investment funds and not to stand guardian over the moral and social habits of the public, and (3) that a working arrangement be made with the Vigilance Department of the Associated Advertising Clubs of the World, who are best qualified in this field, to protect the public from the get-rich-quick pirates and fraudulent promoters and dealers.

My plan is to have this giant organization employ a long unused but valuable function, by applying the irresistible power of advertising to the two-fold

purpose, first of increasing fixed wealth and multiplying the number of citizens participating in fixed wealth, and secondly, for the protection of this wealth which in turn becomes our capital for industrial progress through, for example, our railroad and public service corporations.

An annual fund of \$100,000 each year for three years should be provided by assessing member banks on the basis of deposits. Thirty-three and one-third per cent. of this sum should be set aside for Vigilance work, and the balance expended in a carefully arranged and perfectly correlated nation-wide campaign of publicity and advertising. Such a plan is called for by national needs. The sponsorship for such a plan belongs undoubtedly to the American Bankers Association.



### THEATRE PROGRAM ADVERTISING

SOME ADVERTISING men believe that theatre program advertising has more to recommend it to banks and trust companies than some other kinds of advertising. Here are some of the

arguments for that kind of publicity as put out by the New York Theatre Program Corporation:

In apportioning your appropriation for advertising just bear in mind these facts:

1st. That in magazine advertising you do not intensively cover any city.

2d. That, moreover, you do less in New York than in any other city in the country, because magazine circulation is smaller per capita there.

3d. That because different habits and living conditions obtain in New York City is no reason at all why the retail distributor should be thus discriminated against.

4th. That the reason for this discrimination is a preconceived erroneous notion that an enormous sum must be spent in advertising in order to cover the market.

5th. That this erroneous conception is a result of a failure to make a comparatively simple analysis of the tremendous existing differences between New York City and other metropolitan centers.

6th. That fundamentally this difference is based on the habits and living conditions of the New York resident. His leisure time is spent in a different manner.

7th. That this different method of spending his leisure prevents his being a careful reader and operates against effectiveness of newspaper advertising as compared with other communities.

8th. That he is an inveterate theatregoer and therefore theatre program advertising is the logical and natural form of advertising through which he can be effectively reached.

9th. That when the New Yorker is advertised to he is more responsive probably than any other consumer elsewhere. He is a trained "spender" and looking always for what is novel or best.

10th. That through theatre programs you do advertise to him, that this form of advertising combines the advantages of volume and class circulation with intensive concentration in the market.

11th. That because it is based and built around the habits and living conditions of New York specifically, this form of advertising is economical and effective out of all proportion to its comparative cost.

12th. That there are fifty-two different theatre programs published and the range of expenditure varies from \$1,500, a minimum of quarter page in ten theatres, to a maximum of \$22,000 annually, which provides full page space in all the theatres for an entire year.

13th. That even the smaller of these expenditures tends to equalize, in New York, the advertising done by the manufacturer nationally, and the distributor there is given in consequence proportionate assistance in disposing of his stock to the consumer.



THE INCOMPLETE GUARANTEE

"WE WANT all our friends to invest in this venture," read a circular recently sent broadcast. "We are bound to make money. Those who buy our stock cannot lose. As an evidence of good faith the money invested in our shares will be returned to those who ask for it a year hence." A bank in the Middle West was named as the institution which would return the money.

"This looks good to me," said a customer in a brokerage house to the head of the firm. He had received one of the circulars.

"Well, suppose we look for the nigger in the woodpile," rejoined the broker, analyzing the offer. Then, after a pause, "Did it ever occur to you that nothing is said in this circular about returning the interest on your money?"

It might be well to mention in passing that the wonderful offer speedily found its way into the nearest waste basket. —*The Wall Street Journal.*



HOW BANKS ARE ADVERTISING

THE VALUE OF the concrete example in advertising, rather than the statement of abstract generalities, is shown in the following two advertisements of the Citizens Commercial Trust Company of Buffalo. The opening paragraph seizes the attention and holds it to the end.

A THOUSAND LITTLE SERVICES

"Of course it is fine to get interest, but I hate to spend the time necessary to clip the coupons."

That is what one of our patrons told a receiving teller the other day.

And he was rather astonished when he learned that for a very

100 YEARS OF COMMERCIAL BANKING

**THE CHATHAM AND PHENIX NATIONAL BANK**  
OF THE CITY OF NEW YORK

CONDENSED STATEMENT OF THE CONDITION  
OF THE BANK AS OF DECEMBER 31, 1911

Assets	Liabilities	Assets	Liabilities
Real Estate	Deposits	Real Estate	Deposits
Loans	Notes and Bills	Loans	Notes and Bills
Government Securities	Other Liabilities	Government Securities	Other Liabilities
Other Assets	Total	Other Assets	Total

Main Office, 140 Broadway, corner Liberty Street

Branches: Boston, New York, Philadelphia, Baltimore, Washington, St. Louis, Chicago, San Francisco, Portland, Me., and other cities.

We have the names of Banks, Savings, Trust Companies, and Individuals

**170 MILLION DOLLARS RESOURCES**

A well arranged display of the condensed statement. It is not always easy to give proper typographical balance to a statement ad.

**We Can Help You to Establish Credit**

A small capital often supports a surprisingly large volume of business. Confidence in character, and faith in future returns are converted into working capital. Credit is the foundation upon which the business of the world is built.

The establishment of credit requires a chain of connection between the parties concerned. Our bank has for years been related to financial institutions, business houses and capitalists all over the state and country.

We are in a position to extend you benefits, advantages and protection of inestimable value. The business experience of our officers, the facilities of our banking institution, so conservatively built and splendidly organized, are yours to command. We want to serve you and help your business to expand.

**National Bank of the Republic**

Capital, \$300,000    MAIN AND SECOND SOUTH    Surplus, \$350,000

W. A. CULBERTSON,  
President

DAVID SMITH,  
Vice President.

W. F. EARLE,  
Cashier

LENOB HOGUE,  
Assistant Cashier.

Offering a definite service to the prospective advertiser

small fee we would not only clip the coupons for him, but that we would credit them to his account without his ever coming near the bank.

Perhaps this coupon clipping service would not appeal to you, but there are a thousand and one other little services which this bank has to offer that are at the disposal of every patron at any of our offices.

MAKE THIS BANK YOUR FINANCIAL ADVISOR

A few days ago a woman instructed one of our branch managers to buy for her \$2,000 worth of a certain stock.

Our investigation of this stock showed that the business behind it did not have any real assets and that the yield from her investment would have been exceedingly small if it had brought any return at all.

This information was of course passed on to our patron and our advice was asked as to what was the best way to invest her funds.

The advice which we gave was founded upon investigation and the result is that now this woman is the possessor of securities of true value and attractive yield.

"WHAT HAPPENED TO JIMMY BLAKE," is the title of a little thrift pamphlet issued by the Atlanta Trust Company, At-

lanta, Ga. By putting the message in the form of a little story, the reader's interest is aroused as it never would have been by a dry-as-dust sermon on the virtues of thrift.

"THE ESTABLISHMENT OF A BANK," is the title of a well-written article about the history of the Traders National Bank of Birmingham, Ala., written by the president, John H. Frye.

"THE GIRARD LETTER," published by the Girard Trust Company of Philadelphia, continues to attract favorable comment. Each number contains an article on some Philadelphia industry.

THE FIRST WISCONSIN NATIONAL BANK, Milwaukee, Wis., uses a Swede story to drive home the location idea to the business men in the bank's neighborhood. Here's the story, which was printed on a blotter:

"IN TWO YUMPS"

You've probably heard of the Swede whose brother had boarded a boat to bid a friend good-bye and found the boat had left the pier with him on board. As his brother stood frantic on the edge of the boat, the Swede had an inspiration and shouted, "Yump, Ole, you can make it in two yumps."

You can almost make it in two "yumps" from your office to the First Wisconsin. But you doubtless pass our door frequently so that you wouldn't need to make even the two "yumps" to open an account here.

Savings deposited within the first five business days of the month draw interest for the whole month. Ask for one of our home savings banks when you come in.

ON THE VERY next morning after the arrival of a newcomer to Los Angeles, he or she gets an invitation from the Los Angeles Trust & Savings Bank of that city—an invitation to come in and let that bank be of service to the newcomer. Coming so quickly after arrival, the invitation surprises the newcomer, and of course that has weight in the selection of a bank. Neatly lithographed, this invitation reads:

Mr. Motley H. Flint, vice-president of the Los Angeles Trust and Savings Bank, begs to welcome you and to suggest that this bank will render you any courtesy within its power, so long as you remain in Southern California.

Upon presentation of this notice we will be glad to give you complete road maps of Southern California and data concerning automobile tours, as well as guides and maps of the city.

If you will fill out the enclosed identification card and present it at Window 52 when you come in for your maps, this bank will be able to serve you without delay in case you should wish to transfer funds from other cities, or to cash the drafts or checks which you may have brought with you.

If you desire, you will be given a card of introduction to those who can best aid you in obtaining an apartment or a house, either furnished or unfurnished—this because the housing problem in Los Angeles is a difficult one at the present time.

Should you decide at any time to build or purchase a home here, we will be very glad to protect you during the entire transaction by investigating the title to the property and by holding the purchase price in escrow un-

til the deeds are properly made out and signed.

Come in and get acquainted anyway.


Every name on baggage delivered by a local transfer concern that delivers a majority of the local baggage is used in this way, even the names on baggage delivered Sunday being reached by mail early the following Monday morning.

ON THE twenty-fifth anniversary of the Cleveland Trust Company, the following announcement was made:

"Representative Cleveland men have written estimates of the bank's outstanding policies and activities which," the president said, "will be given to the public as follows:

"'Pioneering,' A. B. Horr, vice-president, Equitable Life Assurance Society of the United States; 'Directors Who Direct,' Ambrose Swasey, president, Warner & Swasey Company; 'Branch Banking,' E. G. Tillotson, Tillotson & Wolcott Company; 'Trust Funds and Location of Branches,' Leon-

## More than 100,000 Patrons Bank Here



**S**T. LOUIS people know the Mercantile as the most democratic, friendly, efficiently arranged and conveniently situated banking institution in our city—with a wide, roomy central arcade extending all the way from Locust to St. Charles Street, an entire city block.

There are ten departments, each in charge of an experienced manager, who is always ready to confer with anyone needing his advice. These departments are:

Banking Trust	Corporation Bond	Foreign Savings	Real Estate Safe Deposit	Real Estate Insurance
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You will like the spirit here, the atmosphere of cordiality, the modern methods, the quick and accurate service. Thousands of depositors, small and large, have learned to consider the Mercantile their ideal of a personal practical banking concern.

*Conferences are invited and correspondence solicited  
from banks, corporations, firms and individuals*

**Mercantile Trust Company**  
Member Federal Reserve System      U.S. Government Supervision  
ST. LOUIS      MISSOURI  
Capital and Surplus \$10,000,000

Featuring the department store idea in banking. This one bank offers every kind of banking and financial service

ard P. Ayres, the Russell Sage Foundation; 'No Loans to Directors,' W. H. Prescott, Saginaw Bay Company; 'Daily Audit,' Fred W. Ramsey, president, Cleveland Metal Products Company; 'Commercial Banking,' M. J. Mandelbaum, Mandelbaum, Wolf & Lang; 'Relation to Industries,' Charles E. Adams, president, Cleveland Hardware Company; 'Living Trusts,' John L. Severance, president, the Colonial Salt Company; 'The Employees and the Bank,' J. R. Wyllie, twenty-five years a member of the Cleveland Trust Company staff; 'Pay Roll Savings,' A. W. Henn, president, National Acme Manufacturing Company; 'War Service,' D. C. Wills, chairman of the board of the Federal Reserve Bank of Cleveland; 'Service to the Community,' Samuel Mather; 'The Cleveland Foundation,' Leonard P. Ayres; 'The Spirit of the Organization,' A. G. Tame, vice-president, the Cleveland Trust Company; 'Growth of the Cleveland Trust Co.,' Leonard P. Ayres; 'The Future,' F. H. Goff."

These statements are to be published in newspaper advertisements and later printed in pamphlet form.

A NUMBER OF BANKS are installing an adding machine in the lobby for the free use of customers. This is really more a service and good-will idea than an advertising proposition.

ONCE IN A WHILE a bank has a name which is an advertisement in itself. That is the case with the Payday National Bank which was established in Minneapolis on November 4, 1920. The name at least will be suggestive of savings depositors and serve as a reminder to them that they should make pay day bank day.

TWO VERY attractive 1921 wall calendars have been issued by the Bank of Nova Scotia and will be distributed to customers of the bank.



The ambitious man reads and finds knowledge. The wise man reads and lays the foundation of his wisdom. The very wise man buys and makes friends among the immortals.

—Guy P. Eglinton, John Lane Company, 782-786 Sixth Avenue, New York.

FROM CURRENT ADVERTISING

MERCANTILE TRUST AND DEPOSIT CO., BALTIMORE:

"Stop!  
Look!  
Listen!"

Do you know that a lawyer was paid a fabulous sum for originating that danger signal now used at every railroad crossing?

Do you realize that sometimes the greatest sources of danger are often unsuspected and unmarked by signals?

One of the greatest unmarked dangers to families, to wives and children are the crossings of life left unprotected by the husband's

and father's neglect to make a proper will.

Stop! Look! Listen!  
—as you provide for your family's welfare now, you can provide for them after you are gone, IF you have your lawyer make your will now and name a competent executor.

Not one man, subject to all human ills and shortcomings, but a strong trust company, experienced in all matters administrative and financial, for whose efficient service you pay no more than to an individual.

That kind of executor is the Mercantile Trust and Deposit Company. Its entire capital and surplus is the bond it gives for faithful discharge of duty.

The officers of the company will be glad to explain fully the scope of Mercantile service.

# CANNED LABOR

During the growing season, we do not eat all that we produce. Part of it we conserve for use during the days when the earth cannot produce. The knowledge that we have canned food on the shelf enables us to approach the winter with confidence.

We who labor should, in our producing season, conserve some part of the fruit of our labor by definite and regular deposits in a savings account for use during our non-productive days. The knowledge that we have "canned" labor on the shelf, as it were, enables us to approach the winter of age with confidence.

Start canning your labor now.

## The Savings Bank

of Utica

The Bank With the Gold Dome

A homely and forceful description of what saving really is

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It is computed that the average amount carried about on the persons of our American people is fourteen dollars per person. In other words, we walking banks are carrying about with us a sum of money which equals about one-fourth of the total currency in circulation in the United States.

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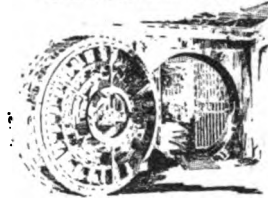
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RECENTLY THE New York Tribune published an editorial on "The Small Depositor," suggested by the opening of the Brotherhood of Locomotive Engineers' Co-operative Bank in Cleveland. It intimated that in large cities the small depositor is largely lost in the shuffle, and that much of the careless spending and extravagance in cities is due to the impediments to depositing on a small scale.

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Banco Mercantil Americano Del Peru, Lima, Peru, S. A.  
Bankers Magazine, The, New York.  
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Brown, G. W. C., assistant secretary, Tidewater Bank & Tr. Co., Norfolk, Va.  
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Delson, Louis E., publicity mgr., Central Tr. Co. of Illinois, Chicago, Ill.  
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 Le Beuf, Maa, pub. dep't, Hibernia Bank and Tr. Co., New Orleans, La.  
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
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 Lovett, W. R., Atlantic Nat'l Bank of Jacksonville, Jacksonville, Fla.  
 Lyons, Chas. S., Puget Sound Bank and Tr. Co., Tacoma, Wash.

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 Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.  
 Merrill, Frank, adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.  
 Meyer, A. J., pub. dep't, Union Tr. Co., Rochester, N. Y.  
 Mills, W. C., New Business Dep't, Metropolitan Tr. Co., 60 Wall Street, New York.  
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 Monitor des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.  
 Morgan, L. J., adv. mgr., First Nat'l Bank, St. Joseph, Mo.  
 Muller, John, 49 Sonnenstrasse, Zurich, Switzerland.  
 Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

## N

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 Nye, Frank T., cashier, First Nat'l Bank, Northboro, Iowa.  
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 Rouff, Melvin, assistant cashier, Houston Nat'l Exchange Bank, Houston, Tex.  
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 Shepherd, George W., Internat'l Tr. Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Tr. and Svgs. Bank, Kankakee, Ill.  
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 Smith, Allen T., mgr. Special Service Dep't, Industrial Svgs. Bank, Flint, Mich.  
 Staker, F. M., mgr. pub. dep't, Commerce Tr. Co., Kansas City, Mo.  
 Starkweather, C. H., treas., Danielson Trust Co., Danielson, Conn.  
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 Stoner, T. H., cashier, The Peoples Nat'l Ban' Waynesboro, Pa.  
 Stover, J. C., sec'y-treas., Indiana Svgs. and Loan Association, South Bend, Ind.  
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 Wilkes, W. H., asst. to the pres., Nat'l Bank of Commerce, St. Louis, Mo.  
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 Williams, J. E., assistant cashier, Third Nat'l Bank, Scranton, Pa.  
 Williams, John L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.  
 Winship, Addison L., vice-pres., mgr., pub. dep't., National Shawmut Bank, Boston, Mass.  
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.  
 Woolford, Withers, Bank of America, 165 Montague Street, Brooklyn, N. Y.

## Z

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 Zimmerman, Frank A., treas., Chambersburg Tr. Co., Chambersburg, Pa.  
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 De Beblan, Arthur, adv. mgr., Equitable Tr. Co., N. Y.  
 Gilmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.  
 Johnson, W. H., Jr., mgr. adv. dept., Marine Tr. Co., Buffalo, N. Y.  
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# International Banking and Finance

SPECIAL

**BANKERS  
MAGAZINE**

SECTION

## The International Financial Conference at Brussels

By Nicholas Petrescu, Ph.D.

**T**HE International Financial Conference at Brussels has discussed various aspects of the economic and financial problems with which the world is grappling since the cessation of hostilities. The assembly, which consisted of thirty-five states, has been more deliberative than executive, for its discussions have led to no practical results whatever. It is true that advice has been suggested from all sides, and a spirit of common understanding has prevailed throughout the conference, but none of the assembled representatives has been able to formulate an international co-operation in the strictest sense of the term. In spite of its academic character, the conference has, however, brought out the important points of the present economic and financial difficulties of the world. For the chief aim of the conference was to define the financial situation of every state, to throw light upon the resources of every nation, and to show the methods by which normal conditions could be reestablished.

### THE PROBLEMS AND THE SOLUTIONS

The world's financial and economic crisis has been unanimously regarded by the conference as the effect of the following factors: under-production, shortness of the working hours, disorganization of transport facilities, budget deficits, inflation, and depreciation of currency values. In order to solve the

actual economic and financial problems it is absolutely necessary to remove every one of these factors. In other words, the solution will be found in greater production, lengthening of working hours, organized transportation, the reestablishment of normal budgets, and the levelling of currency values through deflation and consolidation of floating debts. The realization of such measures is, of course, contingent upon the obtaining of raw materials and credits.

The declarations of Mr. Brand, the vice-president of the conference, are especially interesting in this respect. After having shown the successive stages of financial evolution in general, Mr. Brand pointed out the means which should remedy the actual crisis. In the first place the reestablishment of exchange is necessary. This is, however, possible if the countries whose exchange has depreciated, increase their production. Nevertheless, an increase of production demands new capital. Savings should, therefore, not be absorbed by the governments, which should merely reduce their expenses to the minimum. Furthermore, the public finances of every country should be adjusted so that there would be no holes left in the budgets and that a fund be provided for the consolidation of floating debts and the amortization of other debts. Finally, the state should encourage and guarantee by every means the develop-

ment of its home industries, and it should prohibit the production of luxury articles. The intervention of the state should, however, be avoided as much as possible.

#### LORD CHALMERS' VIEWS

In the same line of ideas, Lord Chalmers, Great Britain's representative and the commanding figure of the conference, has shown the necessity of restricting expenditures. There are two ways of equilibrating the budget; to reduce expenses or to increase taxation. The first is to be preferred for the good reason that it does not absorb liquid funds which are indispensable for the business life of a country. The time is at hand when every state should discard the policy of note circulation and loans, these means being always negative for the reestablishment of public finances. The restoration should be obtained only through more sound means, such as the elimination of unnecessary expenditures and the introduction of equitable and adequate taxation.

Great Britain's first preoccupation is to free herself from the external debt as soon as possible, Lord Chalmers declared, although her obligations abroad (practically all in the United States) are counterbalanced by the debts of the Allies (exclusive of Russia) toward the United Kingdom. The British budget for the current year amounts, thanks to the sound fiscal policy of the Government, to 23½ million pounds. The emission of bank notes not covered by gold will be reduced, and, in order to accelerate deflation, an important portion of the surplus receipts will be employed for the extinction of the floating debt. From the viewpoint of foreign trade, Great Britain intends to reconstruct the value of her currency by normal means, namely, by the practice of free trade.

#### OTHER VIEWS

Against the non-intervention policy, propounded by the British delegates, the French and Italian representatives at the conference have given the reasons

which had determined their Governments to control production and consumption as well as the foreign trade. Thus Mr. Avenol showed why France has been obliged to depart from the ideal program described by Mr. Brand. The French Government had the duty to restore the capital destroyed by the war before waiting for the payment of indemnities. To reach this result, an appeal to new capital was necessary. France will improve her financial situation by making a fiscal effort, by amortizing and consolidating the floating debt, and by reducing all unnecessary expenditures abroad as well as by paying off the debts contracted abroad. The fact that the financial burden borne by the French people amounts to over 420 francs per head against 108 francs before the war, is ample proof of the serious effort that is being made by France in her work of financial reconstruction.

Senator Ricci, the Italian delegate, also pointed out the efforts made by Italy to realize budget equilibrium. The Italian Government is ready to restore the administration of the public works taken by the State during the war, to private initiative. It also encourages and guarantees every enterprise directed to the work of reconstruction.

The address of Mr. Vissering, the eminent Dutch financier and Holland's delegate, deserves to be mentioned in this connection. After having shown the causes determining the break in the exchange of the majority of European currencies, Mr. Vissering declared that the main financial problems at present are the following: (1) The possibility of avoiding the continuation of inflation and the adoption of means to attain such a result; (2) The question of knowing whether a return to the gold standard is desirable and possible; (3) As regards an international banking policy, to know whether it would be possible to take general measures in every country for the fixation of a rate of interest and of a rate of discount for the banks of emission; (4) The question as to how far it would be possible to take international measures in view of limiting exchange fluctuations,

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and whether it would be useful to create an "international money" or an "international unity of accounts."

### INTERNATIONAL CREDITS

The chief preoccupation of the majority of European countries was to discuss the question of international credits. Mr. Celier, one of the vice-presidents of the conference, has pointed out the causes which determine the intense demand for credits at present. They are, namely, the following: Consolidation of floating debts, restoration of the devastated territories, and compensation of the deficits caused by five years of war and the suspension of normal conditions of life. The difficulty is that the more abnormal is the market the greater is the demand for credits. On the other hand, it is equally difficult to estimate the degree of credit for every solicitor, for the uncertainty of political conditions constitutes the greatest obstacle. Moreover, there are other obstacles in the way which render the task of helping

the needy countries difficult and ineffective. Thus the lack of sufficient sanction and control in international affairs is prejudicial to the granting of large credits. Nevertheless, Mr. Celier has proposed some remedies which would alleviate the actual financial crisis in the war stricken countries. The following measures may be taken in this respect: The granting of credits secured by means of salable products, the unification of legislation with regard to letters of credit, an international entente between the banks which would facilitate the distribution of credits. Furthermore, the banks of issue should take into account, in establishing their rate of discount, the international financial situation. To facilitate the granting of credits at long terms it is necessary to give a complete account of the financial situation of the states. The publication of international loans and contracts, and eventually the creation of a judicial power as the guardian and depository of the securities affected by such transactions, are equally neces-

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All F & D General Agents, Sub-agents and Branch Managers, appointed before April 1, 1921, will be eligible.

The ten prizes will be a two months' trip to Europe, or to the Orient, and will include the winners' wives and their children, if enthusiasm for the doctrines of Colonel Roosevelt has not carried the individual winners beyond the parentage of two. All expenses will be paid by the Fidelity & Deposit Company.

The towns and cities of the country will be classified, so that the Sub-agent who leads in the town of less than 10,000 population will have precisely the same chance of winning and will be awarded the same prize as the competitor located in New York, Chicago or Philadelphia.

In determining the winners, a point system will be used which will be based on business actually produced during the period of the competition. This system will give every agent an equal chance. Last year's business will not be considered.

### *Rules and Regulations*

The rules and regulations governing the competition will be announced about January 1, 1921. They will be formulated by the committee named below, which will also

select the successful competitors and award the prizes.

### *The Awards and Judges*

The names of the successful competitors will be announced as soon after April 1, 1922, as possible.

The following committee will have entire charge of the competition:

Vincent A. Cullen—Fidelity & Deposit Co., New York; M. F. Dobbins—Dobbins & Smith, General Agents, Memphis, Tenn.; William Hugh Harris—Vice-President, in charge of Agency Dept.; G. Arthur Howell—Haas & Howell, Gen. Agts., Atlanta, Ga.; Emmett Myers—Manager, St. Louis Branch Office; F. B. Owen—Owen, Crowell, Laursen & Co., Gen. Agts., Cleveland, O.; F. A. Price—Conkling, Price & Webb, Gen. Agts., Chicago, Ill.; V. L. P. Shriver—Gen. Agt., Pittsburgh, Pa.; Guy Le R. Stevick, Resident Vice-President, Pacific Coast, San Francisco, Cal.; A. L. Tash, Boston Branch Office; Spencer Welton, Fidelity & Deposit Co., Baltimore, Md.

This contest will be good for you, good for us, and good for the whole Surety business. There is a lot of good Surety business to be had in your territory. The surface has not been scratched. We will help you in every possible way to get it. Go after it and then go to Europe or the Orient as our guest.

For further details of this unusual competition, write to the

**Fidelity and Deposit Company**  
OF MARYLAND  
**BALTIMORE**  
Fidelity and Surety Bonds and Burglary Insurance

sary measures. Finally the unification of the rules with regard to the titles lost or stolen, as well as the co-ordination of fiscal legislation in view of avoiding overtaxation of the same income, are measures to be taken by all the states interested in the financial restoration of the world.

Supplementing the views expressed by Mr. Celier is the proposal of an international bank of issue, made by Mr. Delacroix, the Belgian Finance Minister. This proposal is based upon the following reasoning: There is no state, however deplorable may be its actual financial situation, which does not possess natural resources, such as land, mineral deposits, industries, labor. All these resources represent real wealth, but to put them into value it is necessary to have capital and raw materials. The rôle of an international bank of issue would be to fill the gap between the moment when there is a demand for such necessary elements and the moment when the natural resources are to be exploited. The interdependence between the two factors and the necessity of such a service are evident.

The question whether gold bonds resulting from an international financial institution would not augment the internal emissions, already exaggerated, is negatively answered by Mr. Delacroix. For, even when the holder of such bonds would be obliged to discount them at his national bank of emission, the bank notes that this would give him in exchange would possess an effective and real guaranty representing raw materials and labor. In other words, the international bonds would play the same rôle as the commercial portfolio, and there is no inflation as long as the fiduciary circulation represents actual commercial transactions.

The conference unanimously applauded the proposal of the Belgian Finance Minister, but at the same time it unanimously rejected it. Thus the International Financial Conference of Brussels put its characteristic imprint upon what is in my opinion the most practical and concrete proposal ever designed to erect an international body for the recovery of world finances.



**World-wide distributors of high-grade securities: Bonds, Short Term Notes, also Preferred Stocks and Acceptances. Correspondent Offices in more than 50 leading cities.**

**Bankers of this section are invited to use National City Company service through one of our following conveniently located correspondent offices.**

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CHICAGO	NEW ORLEANS	LONDON
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#### TWO DISQUIETING RUMORS

There have been two rumors afloat during the conference: The one that the United States will not help, and the other that Germany will not pay. Both came out indirectly and by way of deduction from the declarations of the representatives of these two countries. As a matter of fact, Mr. Boyden, the United States representative in the Reparations Commission, made a casual speech in which he showed how difficult it is to persuade the American people to invest their money abroad, especially at a time when the majority of the European countries are in a chaotic financial situation. When Europe will have succeeded in extricating herself from such a situation, Mr. Boyden added, then the American people will begin to buy foreign securities.

On the other hand, Mr. Bergmann, the German Finance Minister, exhibited a gloomy picture of the actual finances

of Germany. The public debt, which before the war amounted to five billion marks only, amounts now to two hundred forty billion marks. The budget for the current year is full of holes, and there will be a deficit of fifty-six billion marks. Germany will, no doubt, recover, but not unless other nations will help her, concluded Mr. Bergmann.

Whatever interpretation one may ascribe to the two declarations, the fact remains that neither the United States can grant credits at present, nor can Germany meet her financial obligations at present.

#### WHERE THE EVIL RESIDES

I have mentioned the two rumors because they are characteristic of the actual state of affairs in international politics. The United States cannot help countries whose political and economic situation is abnormal, nor can Germany pay the war indemnities as long as the world refuses her the means of recovering from her actual crisis. The attitude of both countries is dictated by the conditions prevailing in foreign affairs. In fact, no state can afford to play an altruistic rôle in international politics. However prosperous and strong may be a state its policy toward other states must be determined by national interests. For such is the disposition of our political mind to regard everything from the viewpoint of nationalism that even the most inveterate partisan of international co-operation cannot free himself from the actual doctrine in foreign politics.

We understand thus that the evil resides not in the attitude of the two countries, but merely in our political conceptions. To blame one state for selfishness and the other for willfulness is to judge the facts from a one-sided point of view, that is to say, from a national point of view. And such a viewpoint is not different from that of our adversaries in international politics.

#### THE GOOD SIDE OF THE CONFERENCE

As already seen, the conference concluded its labors without taking any

practical decision. That some of the countries represented at Brussels have been deeply disappointed, is undeniable. The needy countries expected relief from the conference, but instead of getting concrete means they obtained abstract theories on the restoration of their financial and economic life. The most practical proposal, made by Mr. Delacroix, fell on account of its international weight. It was consistent with the character of an international assembly to advance such a proposal, but it was utterly out of harmony with the present character of foreign politics. With the best will in the world no state could engage its wealth upon an enterprise which did not promise even the prospect of good business. For what value can there be in the erection of an international bank of issue as long as the world has not yet succeeded in reaching a unity of views in foreign politics? The truth is that no international engagement could stand the vicissitudes of political events.

It seems to me, however, that the International Financial Conference of Brussels, in spite of its academic character, has been of some use to the world. Its deliberations, though futile at present, will not fail to bear their fruit in the future. The outstanding fact of every such international assembly is the clearness with which it brings out the diversity of national interests. The world will learn something from the exhibitions of its own lack of unity in international politics.

The representatives of the thirty-five states assembled at Brussels have promised to meet again and to consider anew the problems which they have examined at present. This is good news. The oftener the various states of the world will come together the easier will it be for them to understand the necessity of co-operation in international affairs. Maybe they will realize in the end that the difference between their national interests and conceptions, when viewed in the light of reason and common sense, is not so great as it appeared to be. In this sense there will be peace and concord in international affairs.

## RESOLUTIONS OF THE COMMISSIONS

As a matter of record we publish the resolutions proposed by the Commission on Currency and Exchange:

## RESOLUTIONS PROPOSED BY THE COMMISSION ON CURRENCY AND EXCHANGE

The currency of a country, in the sense of the immediate purchasing power of the community, includes (a) the actual legal tender money in existence, and (b) any promises to pay legal tender, e.g., as bank balances—which are available for ordinary daily transactions.

The currencies of all belligerent, and of many other countries, though in greatly varying degrees, have since the beginning of the war been expanded artificially, regardless of the usual restraints upon such expansion (to which we refer later) and without any corresponding increase in the real wealth upon which their purchasing power was based; indeed in most cases in spite of a serious reduction in such wealth.

It should be clearly understood that this artificial and unrestrained expansion, or "inflation" as it is called, of the currency or of the titles to immediate purchasing power, does not and cannot add to the total real purchasing power in existence, so that its effect must be to reduce the purchasing power of each unit of the currency. It is, in fact, a form of debasing the currency.

The effect of it has been to intensify, in terms of the inflated currencies, the general rise in prices, so that a greater amount of such currency is needed to procure the accustomed supply of goods and services. Where this additional currency was procured by further "inflation" (i.e., by printing more paper money or creating fresh credit) there arose what has been called a "vicious spiral" of constantly rising prices and wages and constantly increasing inflation, with the resulting disorganization of all business, dislocation of the exchanges, a progressive increase in the cost of living, and consequent labor unrest.

## I

Therefore:

It is of the utmost importance that the growth of inflation should be stopped, and this, although no doubt very difficult to do immediately in some countries, could quickly be accomplished by (1) abstaining from increasing the currency (in its broadest sense as defined above), and (2) by increasing the real wealth upon which such currency is based.

The cessation of increase in the currency should not be achieved merely by restricting the issue of legal tender. Such a step, if unaccompanied by other measures, would be apt to aggravate the situation by causing a monetary crisis. It is necessary to attack the causes which lead to the necessity for the additional currency.

The chief cause in most countries is that the governments, finding themselves unable to meet their expenditures out of revenue, have been tempted to resort to the artificial creation of fresh purchasing power, either by the direct issue of additional legal tender money, or more frequently by obtaining especially from the banks of issue, which in some cases are unable and in others unwilling to refuse them—credits which must themselves be satisfied in legal tender money. We say, therefore, that—

## II

Governments must limit their expenditure to their revenue. (We are not considering here the finance of reconstructing devastated areas.)

Louisiana  
Banking Laws

The laws of Louisiana are based chiefly on the "Code Napoleon" or from the French Law.

The laws of other states are based on the Common Law of England.

For the convenience of banks and bankers of the country we have prepared a booklet on the new Louisiana Banking Laws passed by the General Assembly of 1920.

We shall be pleased to send you a copy upon request.

Hibernia  
Bank & Trust Co.  
New Orleans

## III

Banks, and especially banks of issue, should be freed from political pressure and should be conducted solely on the lines of prudent finance.

But the governments are not the only offenders in this respect; other parties, and especially in some countries the municipalities and other local authorities, have raised excessive credits which in the same way multiply the titles to purchasing power.

Nor will it be sufficient, for the purpose of checking further inflation, that additional issues of legal tender or the granting of additional credits should cease; since the floating debts of government and other authorities constitute in themselves a form of potential currency, in that, except insofar as they are constantly renewed, their amount will come to swell the total currency in existence; consequently—

## IV

The creation of additional credit should cease and governments and municipalities should not only not increase their floating debts, but should begin to repay or fund them by degrees.

In normal times the natural and most effective regulator of the volume and distribution of credit is the rate of interest which the central banks of issue are compelled, in self-preservation and in duty to the community, to raise when credit is unduly expanding. It is true that high money rates would be expensive to governments which have large floating debts, but we see no reason why the community in its collective capacity (i.e., the government) should be less subject to the normal measure for restricting credit than the individual mem-

## FOREIGN EXCHANGE

Though dealing in all Foreign Exchanges, we are specially equipped to transact business in Germany, Austria, Hungary, Czecho-Slovakia, Roumania and Poland, as in these countries we have the following leading banks for whom we act as agents or correspondents:

**Austria**  
Niederösterreichische Escompte Gesellschaft  
Vienna

**Czecho-Slovakia**  
Bohemische Escompte Bank & Credit Anstalt  
Prague

**Germany**  
National Bank für Deutschland  
Berlin

**Hungary**  
Pester Ungarische Commercial Bank  
Budapest

**Poland**  
Polsnische Industriebank  
Cracow

**Roumania**  
Banque de Credit Roumain  
Bucharest

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**PACAT FINANCE  
CORPORATION**  
42 Broadway, New York

bers of the community. In some countries, however, the financial machinery has become so abnormal that it may be difficult for such corrective measure to be immediately applied. We recommend, therefore, that—

### V

Until credit can be controlled merely by the normal influence of the rate of interest, it should only be granted for real economic needs.

It is impossible to lay down any rule as to the "proper rates" of discount or interest for different countries. These rates will depend not only on the supply and demand at different times but also on other factors often of a psychological nature. It may, indeed, confidently be said that when once the arbitrary increase of inflation ceases and when the banks of issue are able successfully to perform their normal functions, rates will find their own proper level.

The complementary steps for arresting the increase of inflation by increasing the wealth on which the currency is based, may be summed up in the words: increased production and decreased consumption.

The most intensive production possible is required in order to make good the waste of war and arrest inflation, and thus to reduce the cost of living; yet we are witnessing in many countries production below the normal, together with those frequent strikes which aggravate instead of help to cure the present shortage and dearth of commodities. When diminution in the governments' demands frees more credits for trade and for the recuperation

of the world, when inflation has ceased and prices cease to rise, and when the general unsettlement caused by the war subsides, it is probable that great improvement will be seen in productive activity. Yet, in our opinion, the production of wealth in many countries suffering from a cause which it is more directly in the power of governments to remove, viz., the control in various forms which was often imposed by them as a war measure and has not yet been completely relaxed. In some cases business has even been taken by governments out of the hands of the private trader, whose enterprise and experience are a far more potent instrument for the recuperation of the country.

Another urgent need is the freest possible international exchange of commodities. With this another Commission will deal, but we feel that our recommendations here on inflation would not be complete without adding that—

### VI

Commerce should as soon as possible be freed from control, and impediments to international trade removed.

Equally urgent is the necessity for decreased consumption in an impoverished world where so much has been destroyed and where productive power has been impaired. It is therefore, specially important at present that, both on public and private account, and not only in impoverished countries, but in every part of the world—

### VII

All superfluous expenditure should be avoided. To attain this end, the enlightenment of public opinion is the most powerful lever. If the wise control of credit brings dear money, this result will in itself help to promote economy.

We pass now from inflation and its remedies to the other points submitted to us.

Without entering into the question whether gold is or is not the ideal common standard of value, we consider it most important that the world should have some common standard, and that, as gold is to-day the nominal standard of the civilized world—

### VIII

It is highly desirable that the countries which have lapsed from an effective gold standard should return thereto.

It is impossible to say how or when all the older countries would be able to return to their former measure of effective gold standard, or how long it would take the newly formed countries to establish such a standard. But in our opinion—

### IX

It is useless to attempt to fix the ratio of existing fiduciary currencies to their nominal gold value; as, unless the condition of the country concerned were sufficiently favorable to make the fixing of such ratio unnecessary, it could not be maintained.

The reversion to, or establishment of, an effective gold standard would in many cases demand enormous deflation and it is certain that such—

### X

Deflation, if and when undertaken, must be carried out gradually and with great caution; otherwise the disturbance to trade and credit might prove disastrous.

### XI

We cannot recommend any attempt to stabilize the value of gold and we gravely doubt whether such attempt could succeed; but this question might well be submitted to the committee to which we refer later: if it should be appointed.

### XII

We believe that neither an International Currency nor an International Unit of Account



# Rotterdamsche Bankvereeniging

Rotterdam                      Amsterdam  
The Hague

Capital and Reserves . f105,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

would serve any useful purpose or remove any of the difficulties from which International Exchange suffers to-day.

### XIII

We can find no justification for supporting the idea that foreign holders of bank notes or bank balances should be treated differently from native holders.

### XIV

In countries where there is no central bank of issue, one should be established, and if the assistance of foreign capital were required for the promotion of such a bank, some form of international control might be required.

### XV

Attempts to limit fluctuations in Exchange by imposing artificial control on Exchange

operations are futile and mischievous. Insofar as they are effective they falsify the market, tend to remove natural correctives to such fluctuations and interfere with free dealings in forward Exchange which are so necessary to enable traders to eliminate from their calculations a margin to cover risk of exchange, which would otherwise contribute to the rise in prices. Moreover, all government interference with trade, including Exchange, tends to impede that improvement of the economic conditions of a country by which alone a healthy and stable exchange can be secured.

We support the suggestion that—

### XVI

A committee should be set up both for continuing the collection of the valuable financial statistics that have been furnished for this conference and also the further investigation of currency policy.

## Organization of the New \$100,000,000 Foreign Trade Corporation

**A** MEETING for the purpose of the organization of the new \$100,000,000 foreign trade financing corporation will be held in Chicago on December 10 and 11. With regard to the need and value of this corporation the Guaranty Trust Com-

pany of New York stated in a recent bulletin:

The foreign credit situation has reached a point where loans to foreign countries are no longer adequate to meet the needs of the growing foreign trade of the United States. The Edge

# Increased Trade With France and Belgium



**D**URING the past year the trade of the United States with France was valued at \$1,017,240,405, and with Belgium at \$385,576,408, exports to the latter reaching double their value of 1918.

Our close relations with Lloyds and National Provincial Foreign Bank, Ltd., enable us to offer complete banking facilities throughout France and Belgium. Branches in Cairo and Alexandria, Egypt, throughout Morocco and West Africa. Special equipment for handling transactions in Tunis and Algeria.

*The New York Agency invites inquiry*

## **Bank of British West Africa**

Head Office, London

**New York Office—100 Beaver Street.**

R. R. Appleby and Rowland Smith, Agents

<b>Authorized Capital, \$20,000,000</b>	<b>Paid Up Capital, \$6,000,000</b>
<b>Subscribed Capital, 15,000,000</b>	<b>Reserve - - - 3,125,000</b>

# The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed . . . . . Yen 100,000,000  
 Capital paid up . . . . . Yen 100,000,000  
 Reserve Fund . . . . . Yen 50,000,000

(\$0.50=1 Yen)

*Branches and Agencies*

Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
Bombay	Dairen	Hongkong	Lyons	Peking	Shimonoseki	Tokyo
Buenos Aires	Fengtien	Honolulu	Manila	Rangoon	Singapore	Tsingtau
Calcutta	Hamburg	Kaiyuen	Nagasaki	Rio de Janeiro	Soerabaya	Viadivostok
Changchun	Hankow	Kobe	Newchwang	Saigon	Sydney	

*Agencies in United States*

New York      San Francisco      Los Angeles      Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE - - 120 BROADWAY  
 R. ICHINOMIYA, Agent

law corporation, as authorized by the American Bankers Association, will not make loans, but will provide a source of long-term credits through investment abroad.

That foreign investment probably is a nation's greatest asset in the maintenance of a strong position in world trade is evidenced by the position of Great Britain. Although her foreign investments were diminished by about five billion dollars as a result of the war, she still has approximately fifteen billions invested in foreign countries, and, through her powerful trade organizations, is striving fearlessly to regain the ground lost during the war. Her investments are so judiciously and widely scattered throughout the world that the slogan "The sun never sets on the British Empire" might be as appropriately applied to her foreign investments.

The United States—second nation of the world in foreign investments—is a creditor by a total of about eleven billion dollars invested abroad. This

amount, as compared with that of British capital invested abroad, is inconsistent with the potential volume of foreign trade of the United States, and must be augmented through an increase in the foreign trade financing power of the country if we are to compete successfully with other nations in disposing of our enormous surplus stocks. On the other hand, of course, we must accept goods from our debtors, because that is the only means by which they can repay their obligations to us. And we must use these goods as a basis for granting loans to other countries so that new markets may be built up for our products.

The surplus of the United States this year will include about 8,000,000 bales of cotton, 300,000,000 bushels of wheat, \$750,000,000 worth of semi-manufactured raw materials and finished manufactured products, and about \$250,000,000 worth of packing-house products. European countries are in the market for the major part of this surplus, but payment in gold before the goods are

shipped cannot be made in any significant amount. The natural commercial course for the United States to follow under the circumstances is the course which Great Britain has so profitably taken through the years of her foreign trade development—the investment of capital in foreign countries through foreign trade financing corporations.

The general export corporation organized under the Edge law, authorized by the American Bankers Association, probably will be established early in 1921, with an initial capitalization of \$100,000,000. Its capital will be distributed as widely as possible throughout the United States, so that all locali-

ties may receive the benefit of its operation.

With a capital of \$100,000,000, the power of this corporation for benefiting the foreign trade of the United States will be almost unlimited. Under the provisions of the Edge law, a corporation organized in accordance with its specification may issue debenture bonds for sale in the United States and the extension of credits abroad up to ten times the amount of its capitalization. The maximum possible financing power of the corporation just authorized will therefore be \$1,000,000,000, an amount equal to more than nine per cent. of this country's total foreign investments to-day.



## The Development of the National Bank of Greece

**T**HE table shown on the opposite page shows the growth of the bank's principal business and profits since 1900 in drachmas.

The amount of deposits shown in the above table represents actual deposits of money, since the method of check payments has not yet been adopted in Greece, payments being always made in cash.

Outside these deposits there are to be considered also the securities deposited for safe custody with the bank, which developed as follows:

December 31, 1900.....	Dr. 117,512,595.—
December 31, 1910.....	Dr. 157,441,594.—
December 31, 1919.....	Dr. 391,617,560.—

In regard to the circulation of bank notes, it is worth noticing that the beginning of the war is not the proper point of departure for a comparison, inasmuch as very few Greek notes circulated at that time in the territories acquired by the wars of 1912-1913.

Under the treaty of Bucarest, Greece, as is well known, doubled in size. It is therefore more logical to compare the figures of the last few years with the items of December, 1915. It is to be remembered that Greece remained neutral even during 1916.

The circulation underwent the following alterations:

December 31, 1915.....	Dr. 379,000,000.—
December 31, 1918.....	Dr. 1,257,324,000.—
December 31, 1919.....	Dr. 1,375,247,000.—
June 20, 1920.....	Dr. 1,394,549,000.—

The difference between 1918 and 1919-20 of Dr. 137 millions is partly due to the circulation of bank-notes in territories gained by the participation of Greece in the Great War (by the treaty of Sevres Greece trebled) especially in the district of Smyrna, on account of the presence there of Greek troops.

The National Bank of Greece has now the exclusive right of note issue in Greece. The Bank of Crete and the Ionian Bank, Ltd. were entitled to issue notes up to Dr. 10,405,000 and Dr. 7,000,000.— respectively. This right ceased to exist for the Bank of Crete since June 22, 1919, when it was amalgamated with the National Bank of Greece, and for the Ionian Bank, Ltd. since April 26, 1920.

Taking as a basis of comparison the circulation in 1915 of 379 millions, we observe that the respective increase up to June, 1920, was between three and fourfold (264 per cent.).

Besides the notes of the National

Year Ending 31 December	Deposits	Notes in Circulation	Gold and Balances Abroad	Government Loans and Securities— Advances and Bills Discounted	Stock Exch. Quotation for one share (Nominal Value Dr. 1,000.)	Dividend Percentage on the Nominal Value of Share
1900	188,168.—(d)	137,754.—(d)	19,968.—(d)	275,042.—(d)	3,990.—	15½% for the whole year
1910	187,025.—	132,996.—	73,500.—	327,698.—	3,985.—	20% "
1912 (a)	292,222.—	126,372.—	191,115.—	329,698.—	4,289.50	20% "
1914 (a)	408,616.—	212,342.—	200,816.—	454,621.—(b)	4,705.—	21¼% "
1918	973,573.—	1,257,824.—	1,720,357.—	616,277.—	7,650.—	30% "
1919	1,092,551.—	1,375,247.—	1,593,441.—	1,056,584.—	7,710.—	32% "
1920 (a)	1,307,372.—	1,394,549.—	1,325,908.—	1,346,176.—(c)	7,120.—	18% for the first half year

(a) Half-year ending June 30th.	
(b) Government loans and securities.....	218,767.—
Advances and bills discounted.....	235,854.—
(c) Government loans and securities.....	709,394.—
Advances and bills discounted.....	636,762.—
(d) 000 omitted.	

Bank of Greece, the only notes in circulation are the Government notes of a denomination of 2 and 1 drachmas and 50 lepta, the total circulation of which on June 30, 1920, amounted to Dr. 34,506,856 as compared with:

December 31, 1918.....	Dr. 20,520,875
December 31, 1919.....	Dr. 30,506,856

This amount is fully covered by an equal sum of National bank notes deposited with the National Bank of Greece.

The authorized and fully paid-up capital of the bank remains unchanged at Dr. 20,000,000.— since 1884.

The reserves of the bank, which on December 31, 1910 and on June 30, 1914 amounted to Dr. 13,500,000.— reached on June 30, 1920, Dr. 40,000,000. The net profits, after deducting current expenses, interest paid, depreciation, taxes (including excess profits tax for 1915-1918 at 50 per cent., paid in 1918, and for 1919 at 25 per cent.) and State participation in the profits, showed a steady increase:

1900 .....	Dr. 3,325,056
1910 .....	Dr. 4,299,004
1914 .....	Dr. 4,401,864
1918 .....	Dr. 7,611,252
1919 .....	Dr. 7,899,669
1920—First half year.....	Dr. 8,444,791

The increase of the net profits of the bank is nearly proportional to the increase of the current price of the bank's shares as shown in the table.

## Great Britain

### BRITISH TRADE

An analysis of the latest British trade returns by the English Information Service of the Bankers Trust Company, of New York, indicates that during the four months to November the relation in money value of exports to imports was even more favorable to Great Britain than for the corresponding period just before the war.

At the beginning of the present year British imports ranged from 32 to 57 per cent. monthly in excess of exports.

# THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed . . . \$7,500,000 (£1,500,000)  
 Capital Paid-up . . . 3,750,000 (£ 750,000)  
 Reserve Fund and Undivided Profits . . . 3,928,970 (£ 785,794)

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)  
 Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan  
 and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.  
 Fixed Deposit rates quoted on application.  
 On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

For two months past the excess has been less than 17 per cent. The average percentage of excess in 1913 was 21 per cent.

Great Britain's improvement of her trade balance in the past 10 months is disclosed by the following table:

1917, for the purchase of cheese and other food products.

\$75,000,000 and another amount of \$25,000,000 provided to the Imperial Munitions Board in 1916.

Of these amounts the first \$50,000,000 is due at the present time, while

1920	Imports	Total Exports	Excess of Imports	% Excess
	£	£	£	
January	183,498,388	131,344,386	52,154,002	40
February	170,514,272	108,567,919	61,946,353	57.3
March	176,647,515	130,730,738	45,916,777	35.3
April	167,154,309	126,659,111	40,495,198	32.1
May	166,333,816	139,579,500	26,754,316	19.2
June	170,491,230	136,476,278	34,014,952	25
July	163,342,351	155,300,383	8,041,968	5.3
August	153,254,577	128,271,682	24,982,895	19.4
September	152,692,339	130,806,521	21,885,818	16.7
October	149,880,000	128,420,000	21,460,000	16.7
1913	768,734,739	634,820,326	133,914,413	21.1

The figures indicate that British imports in October were less than those of any other month of the year, that exports were relatively high, and the excess of imports over exports was the lowest in amount of any month but one during the war.

## GREAT BRITAIN PAYING HER DEBT TO CANADIAN BANKS

According to the "Financial Post" of Toronto, Great Britain is rapidly wiping out her debt to Canadian banks. Early this year final payment was made of a loan of \$50,000,000 that was made for the purchase of wheat in Canada. This left the following items still owing:

\$50,000,000 borrowed in October,

the \$75,000,000 is due in March, 1921, and the \$25,000,000 is due in June of next year.

Arrangements have been made for grouping these three debts and paying them off month by month, with the final payment some twenty months from now.

## SIR HENRY BABINGTON SMITH APPOINTED DIRECTOR OF THE BANK OF ENGLAND

Sir Henry Babington Smith, C. B. E., a director of the Bank of British West Africa, Ltd., has been appointed a director of the Bank of England. This appointment brings the Bank of British West Africa, Ltd., in close relationship with another of the world's

中法實業銀行

# Banque Industrielle de Chine

Capital Subscribed . . . . . Francs 150,000,000  
 Capital Paid Up . . . . . " 75,000,000  
 Surplus and Reserves . . . . . " 70,000,000  
 Deposits . . . . . " 885,000,000

The Chinese Government owns one-third of the Capital

**HEAD OFFICE: PARIS**

Central Office, Far East: Peking

**BRANCHES AND AGENCIES :**

<b>EUROPE</b>	<b>Marseilles</b>	<b>INDO-CHINA</b>	<b>Haiphong</b>
Paris	Havre	Saigon	Hanoi
Lyons	London		
Bordeaux	Dunkirk	<b>STRAITS SETTLEMENTS</b>	
	Antwerp	Singapore	
<b>CHINA</b>	<b>Hongkong</b>	<b>JAPAN</b>	<b>Yokohama</b>
Peking	Swatow	<b>SIBERIA</b>	Vladivostok
Canton	Khanghal	<b>MANCHURIA</b>	Mukden
Foochow	Tientsin	<b>UNITED STATES</b>	New York
Hankow	Tsinanfu		
* In Formation	Yunnanfu		

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**New York Agency - - - 27 Pine Street**

O. J. THOMEN, Agent.

greatest banks, for besides the Bank of England, this institution is already in alliance with Lloyds Bank, Ltd., the London County Westminster & Parr's Bank, Ltd., the National Provincial and Union Bank of England and the Standard Bank of South Africa, Ltd.

The New York agency of the Bank of British West Africa is at 100 Beaver Street. R. R. Appleby and Rowland Smith are the agents.

**NEW BRITISH TREASURY BONDS**

With regard to the new issue of Treasury bonds Lloyds Bank, Limited, says in its November financial report:

In the House of Commons, on the 28th October, the Chancellor of the Exchequer announced that a new series of Treasury Bonds would be on sale from the 1st November. The first series was started on the 3d May last, and in announcing the original issue the Chancellor stated that he believed it to be generally agreed that the time had not come for attempting any large funding operation. The situation to-day is certainly not more favorable for such an

operation, which, apart from other objections, would inevitably destroy the present prospects of housing finance, and after careful consideration the Chancellor has decided not to attempt it.

Subscriptions to the first issue of Treasury Bonds have undoubtedly been disappointing, especially in the case of the large investor. But, Mr. Chamberlain said, the bonds have met with an unexpectedly large and steady sale among small investors. And, he added, that this was satisfactory, as it indicates a continuous demand for government securities by a class who before the war took little interest in them. Mr. Chamberlain thinks it would be a mistake to close this avenue of investment to the class in question at a time when no other issue is contemplated, and he therefore decided to place on issue a second series of Treasury Bonds, beginning on Monday, 1st November. The conditions are the same as for the first series, except that the first dividend date will be 1st May, 1921, after which date the two series will be identical. The Chancellor further said: "I have been further influenced in reaching this decision by the fact that on 1st December I have to deal with the maturity of approximately £25,000,000 of Five Per Cent. Exchequer Bonds, representing the outstanding balance of an original issue of approximately £238,000,000. In order to offer a special inducement to

holders of these bonds to reinvest in Treasury Bonds, and so assist in avoiding a further increase in the floating debt, holders of the maturing bonds will be given the privilege of using their bonds ex-dividend as the equivalent of cash at par, as on 18th November, for the purpose of subscription to Treasury Bonds, in addition to receiving a full six months' dividend on 1st December on their maturing Exchequer Bonds."

**BRITISH BANK CONSOLIDATION**

The amalgamation is reported of the British Bank of Northern Commerce and the old established firm of C. J. Hambro & Son, both of London. The new concern will be known as Hambro's Bank of Northern Commerce and will specialize in trade with Scandinavian countries. It has a capital of £4,000,000.

France

**FRENCH COMMERCE**

Jean de Sienes of the French Financial Mission in the United States authorizes the following statement regarding French commerce to November 1st, on the basis of cabled information recently received:

Official statistics of French foreign trade for ten months of 1920 continue to show increasing improvements in the trade balance, reflecting a bettered internal economic situation and especially industrial and agricultural recovery. The adverse trade balance is being steadily reduced by increasing exports and decreasing imports.

Exports in October were 89 per cent. of imports, ten months exports are 63 per cent. of imports against 60 per cent. for nine months, and 58 per cent. for the first eight months.

Exports in the first ten months increased 11,157,000,000 francs over the corresponding period of 1919, the respective totals being 18,890,000,000 and 7,733,000,000 francs.

Imports in the same period increased

only 2,386,000,000 francs over the corresponding period of last year, the totals being 29,784,000,000 in 1919 and 27,397,000,000 this year. The adverse balance is eleven billion as against twenty billion in the same period last year.

This reduction of the unfavorable balance by approximately nine billion francs is due chiefly to the great increase in export of manufactures, amounting nearly to seven and a half billions or 150 per cent., an increase in the export of industrial materials of over two and half billions.

Imports of food supplies decreased nearly a billion francs in ten months of this year compared to the same period of last year.

Exports for October alone increased 1,304,000,000 francs over October, 1919, while imports decreased 225,000,000, making the net monthly gain 1,539,000,000 francs.

Normally, French imports exceed exports by from twenty to twenty-five per cent., the difference being compensated by foreign expenditure in France and interest on French investments abroad. The recent improvement in the situation is shown by the following table:

Percentage of Excess of French Imports Over Exports

	Per cent.
1913 .....	22
1914 .....	31
1915 .....	180
1916 .....	232
1917 .....	356
1918 .....	372
1919 .....	242
1920 (10 mos.) .....	58

**FRENCH PLANS FOR EXTENDING FOREIGN TRADE**

On the subject of French foreign trade P. Harvey Middleton, assistant manager of the international trade service of the Guaranty Trust Company of New York, recently made the following statement:

The development of French foreign trade and of the resources of the vast colonial



# Your Depositors and This Bank

**T**HE United States has 8,157 national banks with 20,000,000 depositors, or one account for every 5 1-2 persons in the country. Directly or indirectly these depositors have business with New York. They may buy or sell in the various markets or purchase some of the 10 percent of all America's manufactured goods made in New York. In selecting a New York correspondent, consider the Atlantic National Bank, which serves the New York wholesale district directly and along modern lines.

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empire of France—embracing more than three million square miles in Africa and three hundred thousand square miles in Asia—will do more than any other factors to make possible a quick recovery of French financial strength. In view of this fact, a special study of the French organizations for the promotion of foreign trade would seem to be of especial interest at this time.

The most important of these organizations is the Association Nationale d'Expansion Economique, a national organization of French industries which includes all the important manufacturers, trade associations, insurance, banking, shipping and railways. Its administrators and directors include the leading men of France, such as Eugene Schneider, president of the Committee of French Forges; Charles Laurent, president of the Union of Metallurgical and Mining Industries; Senator Barbier, president of the National Committee of Councillors of Foreign Commerce; Andre Lebon, president of the Federation of French Manufacturers and Traders, and a score of other leaders representing all the important industries and professions of France.

The offices of the Association Nationale d'Expansion Economique are at 23 Avenue de Messine, Paris. It publishes a yearly Index of French Production (in French, English, Italian, Spanish and Portuguese), which not only gives a survey of all the

industries of France, but contains comprehensive lists of its members in each industry and minute details of the lines of goods and other data, so that anyone possessing this volume can, almost at a glance, pick out the French firms most suitable to his particular requirements. There are regional committees of the National Association in Grenoble, Nantes and Bordeaux, and agencies in London and Zurich, while the various trade associations included in its membership have branches or agents not only in every important city of France, but also throughout the world.

## HOW FRANCE IS RECOVERING

A British view on France's economic situation is interesting at this time. Lovat Fraser recently writing in the *London Daily Mail* said in part:

*The secret of national finance is confidence, and there is confidence in France to-day. Big cuts have been made in the budget, and more may follow. The various Ministries are being rationed with money, and are not allowed to squander at will. When shall we adopt like measures here?*

\* \* \* \* \*

The French have been criticized, not without reason, because they did not impose

# FOREIGN TRADE



The branches of this Bank in the principal ports of North America as well as those throughout all the provinces of Canada, in London, England, Mexico City, Kingston, Jamaica, Havana, Cuba; and St. Pierre-Miquelon, permit us to arrange mail or cable transfers at the most favourable rates.

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## The Canadian Bank of Commerce

Paid-Up Capital \$15,000,000

Reserve Fund \$15,000,000

NEW YORK AGENCY: 16 Exchange Place

heavier taxation during the war; but I fancy they knew the temperament of their people, and probably did not wish to add to a strain which was almost unendurable while the enemy were within gunshot of Paris. They had never been accustomed, as we have been for many years, to an income tax which in our case was always stern and is now excessive. France is, moreover, a land of small fortunes, and there are very few really big incomes.

She has now substantially increased her direct taxation. Her new tax of one per cent. on turnover has produced a revenue greatly in excess of expectation, and, though I do not pin my faith to it without further inquiry, I have long thought that such a tax might be preferable to our present illogical and mischievous excess profits duty, which is thwarting our industrial recovery.

\* \* \* \* \*

Although France suffered far more than we did in the war, I think her recovery may eventually be more rapid than our own. Her interests are primarily agricultural, ours are industrial. *The agricultural countries have the best chance of regaining stability so long as they keep the Lenins out.*

The industrial nations have a tougher time before them. We may well take a lesson from the essential sanity and stability of sorely wounded France.

### FRENCH SAVINGS DEPOSITS LIMITED

According to a dispatch from Paris the legal rate of interest that may be paid by French savings banks has been limited to three and one-half per cent.

### FINANCING OF FRENCH COTTON IMPORTATIONS

A meeting for the leading French banking institutions and representative cotton merchants of Havre which was called by the Bank of France recently discussed the following two methods of financing the importation of cotton: (1) the payment of francs at three days sight, 60 or 90 days by draft on the Havre importer or his banker; (2) the opening of credits in dollars, at sight or at 60 or 90 days by American banks.

After a discussion the meeting reached the following conclusions:

1. That it is advisable to reduce to the greatest possible extent the drafts at three days' sight, whether in francs or in dollars,

# Banking Service in the Far East

## BRANCHES

<b>BURMA</b> Rangoon	<b>FRENCH INDO-CHINA</b> Haiphong Saigon	<b>JAPAN</b> Kobe Yokohama	<b>PHILIPPINES</b> Cebu Iloilo Manila
<b>CEYLON</b> Colombo	<b>INDIA</b> Amritsar Bombay Calcutta Cawnpore Delhi Karachi Madras Tavoy	<b>JAVA</b> Batavia Sourabaya	<b>MALAY STATES</b> Ipoh Klang Kuala Lumpur Penang Seremban Singapore Taiping
<b>CHINA</b> Canton Hankow Hongkong Peking Shanghai Tientsin		<b>SIAM</b> Bangkok Puket	
		<b>SUMATRA</b> Medan	

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William Baxter, Agent

Capital and Reserve  
Over \$24,000,000

the abnormal increase of which would in the present circumstances impose on the money market an unjustified burden.

2. That it is necessary to return, as fully as possible, to the practice of drafts in francs at 60 or 90 days, as before the war.

3. That for special transactions requiring that the price of the merchandise should be carried in dollars for a certain time, a special study should be undertaken in order to ascertain the best means of providing for the importers and their bankers an increase in the necessary facilities in America, especially by the opening of acceptance credits in dollars at three, four and six months.

The following recommendations were made:

1. That the cotton merchants should confine their purchases to such American sellers as would be disposed to return to the systems of payment in use before the war.

2. That the group of American banks willing to take cotton drafts on France should be increased, it being understood that the French banks are still buyers of good trade acceptances on France as extensively as before the war.

3. That the French banks should examine

with the American bankers the best way of organizing dollar credits.

## Belgium

### ECONOMIC PRODUCTION IN BELGIUM

The initial meeting of the Royal Commission for the study of economic conditions in Belgium, says the American Foreign Banking Corporation, brought out a number of interesting facts and discussions relative to the present situation. According to the Minister of Economic Affairs, the coal mines in Belgium are surpassing their 1913 production (though the quality of the coal produced is inferior).

The following statistics show the present production of various industries

# BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000  
 Reserve Fund . . . 280,000  
 U. S. Gold \$2,280,000

## BRANCHES IN COLOMBIA:

<b>Bogota</b>	<b>Cucuta</b>	<b>Medellin</b>
<b>Bucaramanga</b>	<b>Girardot</b>	<b>Ocana</b>
<b>Cartagena</b>	<b>Honda</b>	<b>Riohacha</b>
<b>Cienaga</b>	<b>Magangue</b>	<b>Santa Marta</b>

Distinctively efficient service rendered to financial institutions, corporations, merchants, manufacturers and individuals requiring a Colombian connection.

International banking business of all descriptions transacted.  
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Telegraphic Address: Dugandbank, Barranquilla

as compared with their production during 1918, taking a 100 per cent. basis.

### INDUSTRIES :

	Per Cent.
Pig Iron .....	44
Finished Iron .....	68
Finished Steel .....	52
Raw Zinc .....	43
Cotton Mills .....	82
Linen Mills .....	78
Artificial Silk Mills.....	68
Raw Leather Factories.....	74
Paper Mills .....	87

In connection with the lower prices, the latest official index number shows a drop from 473 in April and May to 462 on June 15, 1920, but the Brussels index at the same time rose to 493, the highest point ever reached.

## Spain

### SPAIN AS A MARKET FOR ELECTRICAL GOODS

Spain is an important market for American electrical goods, but possi-

bilities for future development are of far greater interest to American electrical goods manufacturers than the present demand according to a special report entitled "Electrical Goods in Spain" just published by the Bureau of Foreign and Domestic Commerce of the Department of Commerce. The report was prepared by Trade Commissioner Philip S. Smith, an expert in the electrical goods trade, who visited Spain to study the market on the ground.

### BANK CREDIT COMPANY TO BE FORMED IN SPAIN

A dispatch from Barcelona reports that all of the Spanish banks have agreed to form a bank credit company in order to avoid bank failures by coming to their assistance during a possible money crisis. The capital has been fixed at 25,000,000 pesetas. The institution it is announced will be permanent.

# PARK-UNION

## FOREIGN BANKING CORPORATION

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Seattle  
Tokio  
Yokohama  
Shanghai  
Paris

### OFFICERS

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*President*  
T. Fred Aspden  
*Vice-President*  
E. B. MacKenzie  
*Secretary & Treasurer*

*Capital (fully paid) \$4,000,000*  
*Surplus and Undivided Profits, \$754,000*

Transactions in Exchange  
Travelers' Letters of Credit  
Commercial Credits  
Foreign Collections and Cheques  
Acceptances  
Transfers of Money  
Advances against Collateral for the  
Financing of Foreign Business

## Italy

### ITALIAN TAXATION PLAN

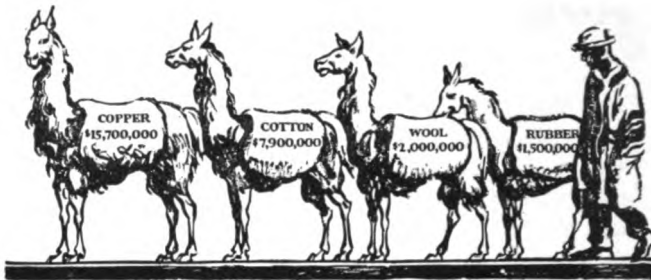
According to a report from the American Commercial Attache at Rome, at the opening of Parliament on November 10, measures were presented, which it is expected will meet the present deficit of over 500,000,000 liras. The plans provide for an increase in the prices of bread which would result in a saving to the government of 2,726,000,000 liras. Higher taxes will also be imposed on incomes, wines, luxuries and tobacco, and the rate on private capital will double in 1921. It is expected that Parliament will promptly approve these measures. The Food Administrator has already purchased more than half of the foreign wheat required until the next harvest. The settlement of the Adriatic question has had

a favorable effect and there is a general feeling that a gradual improvement in conditions may be expected.

## Germany

### GERMAN FISCAL DEFICIT

According to reports from Berlin Dr. Karl Hefferich, former vice-chancellor, has declared in the Reichstag that in the face of expenditures of approximately 100,000,000,000 marks the receipts would total only 30,000,000,000, leaving a deficit of 70,000,000,000. Dr. Wirth, the minister of finance, stated in reply that the Cabinet had decided to introduce a bill providing for a "sacrifice tax," adding that the government would ask a credit of 1,000,000,000 marks to buy cereals abroad.



## Peru sent U.S. in 1919 \$33,000,000 of her products

PERU, from the days of the Incas, has always been known to the world as a country of great mineral wealth. Although copper, silver, vanadium and gold are mined in large quantities, they represent only a small part of the latent resources of the country.

A rich soil, combined with a diversity of climates, produces such varied products as sugar, wheat, coffee, cotton, rubber and tobacco. A great increase has taken place in the Peruvian live-stock industry as instanced by llama raising. Peru is the only country where llamas are raised, and the exportation of wool amounts to approximately \$13,000,000 annually.

Our affiliate, the Banco Mercantil Americano del Peru, is thoroughly acquainted with conditions in this country, both as a field for productive undertakings and as a market for American goods. The facilities and experience of our affiliate are available to those interested.

*A booklet describing our facilities will be sent on request.*

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We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

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### GERMANY DELIVERS BONDS TO REPARATIONS COM- MISSION

Germany has delivered to the Reparations Commission bonds to the amount of 60,000,000,000 gold marks, the value of which is approximately \$15,000,000,000. The delivery of these bonds is in accordance with the terms of the Peace Treaty. They will be held by the Commission as security for and in acknowledgment of Germany's debt.

### PROPOSAL FOR EXTENDING A BILLION DOLLAR CREDIT TO GERMANY

Commenting on the proposal of William W. Brauer, of New York, that the United States Government extend a billion dollar credit to Germany to be applied in the purchase of agricultural products in this country, the "Wall Street Journal" said editorially on November 11:

Halting business in the United States need hesitate no longer. Germany has a well thought-out plan to give us financial assistance. The plan is outlined in a letter from the German agent published in the *Journal of Commerce* of November 8. But before this it had already received the enthusiastic approval of a farm federation in session at Washington. The plan is for Germany to buy a billion dollars' worth of farm products in the United States. Business, of course, would feel the stimulus of such an increase to the farmers' purchasing power.

There is only one slight matter to be adjusted first: the United States must loan Germany a billion dollars to pay for the purchases. This, however, is a mere detail, and the farmers would feel they were not treated rightly if the deal were not consummated.

There is a classic precedent for this naive offer. It is to be found in Bulwer's *Richelieu*. "You must pay your debts," said the Lord Cardinal to a young spendthrift. "With all my heart," was the reply. "But where can I borrow the money?"

The position of the farmer is a hard one during the deflation period; so is that of the manufacturer and the wholesaler. But liquidation must run to the end. The wholesaler must empty his warehouses at present prices and cancel debts, instead of making new ones for the purpose of carrying his

# Foreign Banking Since 1864



## THE STATE BANK OF THE PORTUGUESE COLONIES

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**Reserve Funds . Esc. 24,000,000 = \$25,894,080.00**

[At par of exchange]

**E**STABLISHED in 1864, the Banco Nacional Ultramarino has pursued a consistent policy of steady growth until now its seventy branch offices cover the important world markets, particularly the Portuguese speaking countries, and its resources exceed \$1,159,000,000, at par of exchange. We shall be glad of the opportunity to serve American merchants, manufacturers and bankers through our New York Agency.

*Inquiries will be gladly answered*

# BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty Street

Joseph McCurrach, Agent

Head Office: Lisbon, Portugal



# FRENCH AMERICAN BANKING CORPORATION

Capital and Surplus, \$2,500,000—Fully Paid Up

**I**N addition to complete facilities for international banking in all its ramifications—particularly with France and the French colonies and dependencies—we maintain a Foreign Trade Department organized on the lines of practical merchant banking. These facilities are at the disposal of manufacturers, importers, exporters and out-of-town banking institutions.

Cedar and William Sts., New York City

stores. Hard as it may be, the producer of food and textiles must do the same.

The credit situation cannot be cleared up until the Federal Reserve System works off its huge supply of rediscounted paper. Farm paper, discounted at the local banks, makes up an important part of this stock of rediscounts. It is not in the industrial but in the agricultural states that the borrowings are the most disproportionate.

Holding wheat and cotton in hope of creating an artificial price will not save the situation. The farmers themselves would ultimately lose more than they hope to gain. Liquidation means paying debts and increasing capital for productive enterprises. Lower prices for all essentials will result in benefit to the farmer as well as to others. It is a sounder plan than loaning a bankrupt money with which to buy from you something that you have to sell.

## Scandinavia

### NEW CO-OPERATIVE BANK FOR FINLAND

The Svenska Findlands Andelsbank  
(Co-operative Bank of Swedish Fin-

land) has been established in Helsingfors. The new bank is founded on the co-operative plan and will promote agricultural industries in the Swedish speaking parts of the country. The par value of a share will be 100 Finnish marks and the bank will commence its work as soon as subscriptions have been received for 20,000 shares.

### THIS YEAR'S CROPS IN SWEDEN

Definite figures concerning the harvests of principal crops in Sweden became available October 15, says the Liberty National Bank of New York. They show a considerable increase over 1919. The total crop of wheat is estimated at 303,000 tons, an increase of nearly 50,000 tons; the rye yield was 634,000 tons as compared with 586,000 tons in 1919. The oat crop is estimated at 961,000 tons, barley 242,000 tons, potatoes 1,640,000 tons, cattle food 282,000 tons, sugar beets 1,020,000 tons. Grouping the bread grains shows

a total quantity of 937,000 tons as against 854,000 tons in the previous year, a fact which will, of course, have influence on Swedish imports.

Prior to the war the total consumption of bread grains in Sweden was estimated at 680,000 tons of rye and 400,000 tons of wheat—a total of 1,080,000 tons. During the last year, however, the consumption only reached 1,031,000 tons.

#### INCREASE IN SWEDISH CUSTOMS DUTIES

The Scandinavian representative of the Liberty National Bank advises that at a recent meeting of the Federation of Swedish Industries a memorandum was directed to the Government containing the request that import duties be increased to a point where they would correspond with those contained in the tariff bill passed by the Swedish Parliament in 1911.

It is not generally believed that such import duties as may be imposed will materially affect the imports of Sweden from the United States. On the contrary it might be expected that such measures would enable manufacturers in the United States to compete in the Swedish market with the manufacturers of European countries.

### Czecho-Slovakia

#### LEGISLATION TO STABILIZE CZECHO-SLOVAK EXCHANGE

According to dispatches received from Trade Commissioner Geringer at Prague, the Czecho-Slovak Finance Minister has submitted a bill for creating a reserve consisting of foreign exchange to be realized from sugar profits on sales exceeding 257,500 tons. All foreign money received from the sale of excess sugar is to be turned over to the banking department, which will use the same for the stabilization of the Czecho-Slovak crown in foreign

markets by purchasing crowns when they decline in value. According to statements of the Ministry, it is probable that the bill will be passed in view of the present low value of the crown, due to manipulation, which in future is to be counteracted by use of reserve sufficiently high to purchase 1,000,000,000 crowns.

Another bill is proposed reducing the coal tax from 30 per cent. to 20 per cent. and increasing the luxury and sales tax from 1 to 2 per cent. Thirty per cent. of the proceeds of these taxes are to be donated for the relief of State administrations of Bohemia, Moravia, Silesia and Slovakia counties, municipalities and public road districts. Municipalities are to collect the luxury and sales tax.

#### ROYAL BANK OF BOHEMIA BONDS

J. G. White & Co., New York, are offering a new issue of 10,000,000 Czecho-Slovak crowns, Royal Bank of Bohemia (Zemska Banka) four and one-half per cent. Perpetual Fund Bonds. These bonds are issued in denominations of 1,000 and 10,000 crowns and are dated January 1, 1921. They are guaranteed as to principal and interest by the country of Bohemia. Interest is payable semi-annually on the first days of January and July in Prague or in New York at current rate of exchange. The announcement contains the following information with regard to the bank:

The Royal Bank of Bohemia was created by the Diet of Bohemia in 1889 and inaugurated the following year with a working capital of 20,000,000 crowns, provided by the sale of four per cent. Fund Bonds guaranteed by the Kingdom of Bohemia. The institution soon attained the position of leading issue bank within the limits of the Austro-Hungarian Empire and has completed its first thirty years of existence without ever suffering a loss.

The principal function of the bank is the granting of loans to communities on the security of taxes imposed by them—all of the municipal and regional financing of Bohemia being handled in this way except for two or three of the principal cities. Against these loans the bank sells its own bonds to the public. The institution also

# NATIONAL BANK OF CUBA

(BANCO NACIONAL DE CUBA)

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W. A. MERCHANT, President

JOSE LOPEZ RODRIGUEZ—M. ESCOBAR—V. VIDAL—Vice-Presidents

C. M. SOTOLONGO, Cashier

Capital, Reserve and Undivided Profits - \$15,447,220.18  
Assets in Cuba - - - - \$238,809,410.20

125 Branches and Agencies on the Island  
2 " in Spain (Madrid-Barcelona)

Member American Bankers Association

Sole Depository and Fiscal Agent of the Government of Cuba

Offers to Bankers and Merchants throughout the world,  
unsurpassed service for facilitating trade with the  
rapidly growing markets of Cuba.

ASSOCIATE BANK IN NEW YORK

**BANK OF CUBA IN NEW YORK**  
**34 WALL STREET**

makes similar loans to public service companies and for real estate improvements, accepts savings deposits, and transacts a general banking business. Being a government institution, it makes no attempt to earn any profit beyond the amount necessary for expenses, interest on its capital and the maintenance of a reasonable reserve.

The management of the bank is in the hands of a board of directors elected by the Bohemian Diet and under the supervision of a permanent committee of that body.

The latest balance sheet of the bank shows cash on hand in excess of the entire outstanding capitalization. This new issue of four and one-half per cent Fund Bonds will increase the total outstanding to 30,000,000 crowns out of 40,000,000 crowns authorized.

## Cuba

### THE SITUATION IN CUBA

On November 16 President Marimon of the Banco Espanol of Cuba is reported to have requested President

Menocal to extend the moratorium which was due to expire on December 1. Commenting on this the new York "Evening Post" stated on the same date:

American exporters and bankers with Latin-American connections are greatly interested in a message which was received from Havana this afternoon concerning the recommendation which all the Cuban banks have joined in making to the Cuban government with regard to an extension of the moratorium. It is generally believed in Havana that the Cuban government will adopt the recommendation. The banks recommend that drafts and promissory notes shall be extended in accordance with the following arrangement:

Those due before October 11, no further moratorium.

Those due between October 11 and December 1 an extension of ninety days from the due date.

Those due in December, sixty days' extension.

Those due in January, thirty days' extension.

The banks further recommend that the repayment of bank deposits be left to the control of the Government with the sugges-

## ***Our Service to Banks and Bankers***

**COLLECTIONS:** A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

**LETTERS OF CREDIT:** Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

**TRAVELERS AND REPRESENTATIVES:** When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

**CREDIT INFORMATION:** Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

*We Cordially Invite Your Correspondence*



**Foreign Department**

**Head Office, Havana, Cuba**

# National Bank of Commerce in New York

ESTABLISHED 1839

## STATEMENT OF CONDITION NOVEMBER 15, 1920

Resources		Liabilities	
Loans and Discounts.....	\$364,576,466.19	Capital Paid up.....	\$25,000,000.00
U. S. Victory Notes and Certificates of Indebtedness .....	1,929,031.04	Surplus.....	25,000,000.00
Other Bonds and Securities.....	9,004,519.46	Undivided Profits.....	8,182,467.33
U. S. Bonds Borrowed .....	6,000,000.00	Deposits .....	349,804,962.93
Stock of Federal Reserve Bank .....	1,500,000.00	U. S. Bonds Borrowed .....	6,000,000.00
Banking House.....	4,000,000.00	Bills Payable & Rediscounts with Federal Reserve Bank .....	102,578,000.00
Cash, Exchanges, and due from Federal Reserve Bank.....	134,619,115.27	Reserved for Taxes, etc....	4,137,130.41
Due from Banks and Bankers .....	6,626,065.88	Unearned Discount.....	2,942,544.08
Interest Accrued .....	496,362.04	Letters of Credit and Acceptances .....	50,385,089.89
Customers' Liability under Letters of Credit and Acceptances .....	47,128,634.76	Other Liabilities .....	1,850,000.00
	<b>\$575,880,194.64</b>		<b>\$575,880,194.64</b>



tion that regular monthly payments be made up to and including April.

On November 30 it was announced that President Menocal had proclaimed an extension of the moratorium to December 31. Simultaneous with this announcement a conference was held at the offices of J. P. Morgan & Co. in New York at which plans were discussed for the extension of a loan to the Cuban government. "The New York Tribune" in reporting this conference said:

After the meeting it became known that the bankers had resumed the loan negotiations where they were left off a fortnight ago, and while no definite proposition had been made on behalf of Cuba, the bankers have been informed that the legislation necessary for such an operation will likely be put through at the session of the Cuban Congress convening at Havana. Various amounts have been mentioned, but it is believed that if the loan is made to the Cuban government it will be for not more than \$50,000,000 and will likely consist of short-term notes, possibly a one-year maturity.

The proceeds of the loan would be used to take care of the urgent needs of Cuban sugar mill interests and would re-

lieve the situation on the island, which has been complicated by the suspension of payments by the banks during the moratorium. Washington advices yesterday were to the effect that the Cuban government had selected Albert Rathbone, former Assistant Secretary of the United States Treasury, as its official adviser in the United States, in connection with the proposed loan. At the conference at the Morgan offices yesterday R. C. Lefingwell, former Assistant Secretary of the Treasury, was present, and it was said that he was acting as counsel for the bankers.

The banking houses which will likely underwrite the loan to Cuba in the event that a satisfactory agreement is reached have been associated in several other Cuban government flotations in the past. They are J. P. Morgan Co., Kuhn, Loeb & Co., the National City Bank and the First National Bank. Associated with them in the new undertaking would likely be the Guaranty Trust Company, the Chase National Bank, W. & J. Seligman & Co. and other banking houses interested in Cuba.

Another conference will be held today at the Morgan offices, at which it is expected Mr. Rathbone, the Cuban government adviser, will be present.

Those who have gone into this situation think the state of affairs in Cuba

# Remitting Money Abroad



The American Express Company service in International Banking, Shipping, Travel and Foreign Trade offers to banks the best methods of remitting money abroad.

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Rome  
Naples  
Genoa

**BELGIUM**  
Antwerp  
Brussels  
Ostend

**HOLLAND**  
Rotterdam

**SCANDINAVIA**  
Copenhagen  
Christiania  
Stockholm  
Gothenberg

**SWITZERLAND**  
Lucerne

**GERMANY**  
Berlin  
Bremen  
Hamburg  
Coblenz

**SOUTH AMERICA**  
~~Buenos Aires~~  
Montevideo  
Valparaiso

**THE ORIENT**  
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Kobe  
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Shanghai  
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Correspondents Everywhere

## Foreign Drafts for American Banks

Foreign drafts which are printed in the name of the issuing bank can be drawn on all of the principal countries of the world, and are payable by the offices and correspondents of the American Express Company, by whom they are advised and protected. These drafts offer a simple and convenient method of transmitting funds abroad, and are payable without delay.

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The American Express Company handles remittances to remote places in foreign countries through its Foreign Money Order System, whereby the Company's offices and correspondents abroad remit the funds direct to payee at destination, either by Government Money Order or by forwarding the actual currency of the country.

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INTERNATIONAL BANKING. SHIPPING. TRAVEL AND FOREIGN TRADE.

# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDEHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (Eng.), HUDDERSFIELD, etc., etc.

Nominal Capital . . . . .	(\$5=£) <u>\$12,500,000</u>
Paid-up Capital . . . . .	3,750,000
Reserve Capital . . . . .	<u>3,750,000</u>
Subscribed Capital . . . . .	7,500,000
Reserves . . . . .	<u>2,825,000</u>
Surplus over Liabilities . . . . .	<u>10,325,000</u>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

will be infinitely better by the middle of February or early in March. By that time the sugar crop should be marketed and the banking and commercial conditions relieved. The crop prospect is for a final yield of about 3,300,000 tons, as against 3,700,000 tons last year, and, with recent inquiries on a large scale from Europe and elsewhere, it is expected that there will be no difficulty in disposing of the whole crop. The carry-over of approximately 300,000 tons from the last crop, which is the thing that has been causing most of the recent difficulties, is also expected to be taken care of by the new demands and the relatively light crop.

## South America

### PARAGUAY CURRENCY ISSUE

"Commerce Reports" publishes the following details of the new currency

legislation recently enacted in Paraguay:

The Senate and House of Deputies of Paraguay on Sept. 8 passed the following act which had been presented by the President of the Republic.

Article 1. The exchange office is authorized to make an emission of legal currency up to the amount of 30,000,000 pesos, to be used only and exclusively to grant loans to the banks of this capital in the form expressed by this law.

Art. 2. The loans shall be granted by the board of directors of the exchange office under the following conditions: They shall not exceed a period of six months; they shall pay interest at the rate of 12 per cent. per annum, and shall be guaranteed by the assets of the banks. The amount of the loans shall not exceed 505 of the value of the documents accepted as security by the exchange office.

Art. 3. The state shall have rights over all the property of the debtor bank in security for loans authorized in virtue of this law.

Art. 4. The loans shall be made in such a manner that they can be paid off within a period of one year, counting from the date when the office begins the operations authorized by this law.

Art. 5. When the notes loaned for a fixed period have been repaid, as referred

to in the preceding article, the exchange office shall proceed immediately to the complete destruction of them by burning.

Art. 6-8. The interest on the credits authorized by the exchange office in accordance with this law shall become part of the funds of that institution. To comply with the provisions of this law, the amount of notes at present in possession of the exchange office for exchange purposes will be used. The exchange office shall be permitted to apply its present resources in paper currency for the fulfillment of the provisions of this law.

### SECRETARY COLBY TO VISIT SOUTH AMERICA

President Wilson has announced that Secretary of State Bainbridge Colby will visit Brazil and Uruguay in acknowledgement of the visits to this country of the presidents of those two countries. President Wilson's announcement was as follows:

The White House, Nov. 9, 1920.

The history of the relations between the United States and the friendly republics in South America was marked in the years 1918 and 1919 by two incidents of the most agreeable character and outstanding significance. I refer to the visit to this country in August 1918 of his Excellency, Dr. Baltasar Brum, now President of Uruguay, and at the time of his visit Minister of Foreign Affairs of his country, and in the year 1919 the visit of his Excellency Dr. Epitacio Pessoa, now President of Brazil, and at the time of his visit the President-elect to that exalted office.

Both these visits called forth demonstrations on the part of the people of the United States of the utmost cordiality and good will toward the distinguished visitors and the friendly nations they represented, and every thinking person in this country was impressed with the potency of such visits as instruments for cementing the sincere attachment and deepening the genuine intimacy between the self-governing democracies of the Western Hemisphere.

It has long been my hope that I might personally return these visits, and I can conceive of no worthier object to which I could dedicate my time and strength; but I am prevented from doing so, and cannot longer postpone the agreeable courtesy of their reciprocation which this country is strongly desirous of showing to the Governments and people both of Brazil and Uruguay.

I have, therefore, directed the Secretary of State, on my behalf and in my stead, to visit both Brazil and Uruguay and extend to the people of both those countries, through their respective Governments, the most emphatic assurances of the

esteem and friendship of the people of the United States, and of the desire felt in this country for a strengthening of every tie that binds our respective people in mutual goodwill and cordial intercourse.

I am also much gratified that it will be possible for the Secretary of State, taking advantage of his proximity to Buenos Aires, to accept the very courteous invitation of the Argentine Government to visit Buenos Aires, and to carry to the people of the Argentine Confederation the same assurances of our high esteem and deep goodwill.

### THE AMERICAN DOLLAR IN ARGENTINA

The advance in price of the American dollar in Argentina is causing much apprehension and it is reported that a critical situation has arisen among firms dealing in merchandise from the United States. Commenting on this condition, a correspondent of the New York "Evening Post" writes from Buenos Aires:

The secondary papers in Buenos Aires are full of articles whose burden is that the United States is chiefly, if not solely, responsible for the depreciation of the Argentine dollar; and yet these very journals, as often as not in the course of the same article, urge the Government to do nothing that will enable other nations to "abstract" part of Argentina's gold stock.

There is no good to be gained by quoting from many ill-informed and evidently biased views on the attitude of the United States toward Argentine trade, but it may be said that the writers one and all forget that when at the beginning of this year America shipped some \$89,000,000 gold to wipe off her debit balance, the arrival of the shipments was hailed with exaggerated enthusiasm, and the example of America in thus freeing the traffic in gold was held up to other nations as an example of wise commercial policy.

Now the boot is on the other leg. Gold stocks in Argentina today are roughly about \$550,000,000, being the fourth largest in the world if the Russian figures are left out of the reckoning as uncertain.

### MONEY ISSUE FOR BRAZIL

Dispatches from Brazil report that Congress has passed a bill permitting the issue of approximately \$8,000,000 in paper money at the present rate of exchange and allowing the Bank of Brazil to carry out rediscounting operations to the limit of approximately \$17,000,000. This bill had previously been passed by the Senate.



# London and River Plate Bank, Limited.

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Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halévy.

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

	(\$5--£1.)
CAPITAL (Authorized) - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - -	15,000,000
PAID-UP CAPITAL - - - -	10,200,000
RESERVE FUND - - - -	10,500,000

## DIRECTORS.

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BRAZIL:—Para, Macaeo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo. Sub-Agency, Paysandu and Salto.

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Documentary Bills Bought, Advanced Upon or Received for Collection.

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## South Africa

### TRADING WITH SOUTH AFRICA

The Union of South Africa has a total population of about seven million people, consisting of nearly one million and a half of whites and 5,500,000 colored. Between fifty and sixty per cent. of the white population is located in urban centers, and the remainder in rural districts, while approximately 75 per cent. of the colored population inhabits the rural districts, and only 25 per cent. is in the cities, announces the foreign trade bureau of the Guaranty Trust Company of New York.

The needs of the colored population are very primitive, being comprised chiefly of cotton textiles and blankets and a few simple household effects and hardware, so that from an exporter's

point of view the market offered by the white population is the one principally to be considered.

South Africa's foreign trade for 1919 totalled £50,800,000 for imports and £52,100,000 for exports. Of this amount more than one-fifth of the imports came from the United States. According to our Government figures, exports to South Africa increased from less than fifteen million dollars in 1914 to about forty-four million dollars in 1919. American goods in special demand include machinery for mining, farming and factory purposes, railway supplies of all kinds, bridge materials, structural steel, clothing, motor cars, trucks and wagons, flour mills, saw mills, water power machinery, electrical power and lighting plants, grain elevators and their equipment and railroad coal cars. Other articles in demand are films, footwear, cotton goods, hosiery, electrical supplies, certain foodstuffs, conveying hose, mineral oils, paints and colors, perfumery, paper,

books and stationery, sanitary ware, glass and crockery and brassware.

During the last five or six years the Union of South Africa has enjoyed a period of great prosperity. Domestic industries flourished, as all South African products were in great demand at high prices. Of late, however, a slump in trading has occurred, accompanied by a considerable fall in prices of domestic produce. Enormous stocks of wool are held, for which there is no demand, little trading is being done in hides and leather and ostrich feathers and a slump in the price of diamonds is reported. As wool constitutes the chief article of export from South Africa, the state of the trade in this commodity is of great importance to the community as a whole. With the enormous profits made during the last few years, however, and with the promise of an excellent harvest, the influence of the present stagnation in the trade is not expected to be as widely felt as might otherwise have been the case.

The general recognized credit terms in South Africa are 30, 60, and 90 days. Longer terms are exceptional. During the war, payments were frequently made by means of sight draft for American goods upon shipment, but this practice was not followed to any extent in trading with European countries. Many large houses pay for their shipments on delivery and orders are frequently resold before they are fully delivered. All the large trading concerns have running accounts in London and on the continent.

## Egypt

### EGYPTIAN BUSINESS CRISIS

According to recent dispatches from London the continual fall in cotton prices is causing a paralysis of Egyptian business. Banks are faced with a large deficit on merchandise, and the situation has been aggravated by unsettled conditions in the cotton indus-

try in America. Indications point to the cotton trade becoming more stabilized, but it is expected that a critical stage will be reached within the next two months. If banks give necessary assistance without taking precipitate action, commercial stability is confidently expected early in the new year.

## Far East

### OPPOSITION TO THE CHINESE CONSORTIUM

Dispatches from Peking on November 7 quote the Chinese Premier as having stated that if the Consortium loans endangered the Government's sovereign rights they would not be countenanced. The Premier is reported to have said:

Granted the necessity of the loans, if such loans endanger the Government's sovereign rights or even savor of endangering them, the Government will not countenance it. Loans are necessary only in order to spare the people from the necessity of diverting funds from personal undertakings. I am confident that with a proper program and a proper Parliament the Chinese people will see the necessity of funds for reorganization and will provide them.

On November 15 it was announced that a comprehensive program governing the consortium had been forwarded to the Chinese Premier and Minister of Finance. Commenting on this announcement the *Journal of Commerce* stated on November 16:

A full report of the principles and suggestions developed at the recent meeting here of the inter-National banking groups is contained in the statement, including the resolution adopted advocating the encouragement of the organization of a Chinese group to co-operate with the consortium.

The program which has been submitted by the consortium does not embrace any specific loan proposal, but is understood to set forth some of the conditions under which advances for various projects might be favorably considered at some future date.

The ideas of the consortium participants, as formulated during the discussions in this city, relative to railway development, currency reform, etc., are covered in the outline which is counted upon to clear up much of the misapprehension that has



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BOND DEPARTMENT in charge of \_\_\_\_\_ Watkin W. Kneath, 3rd Vice-Pres.  
 FOREIGN EXCHANGE DEPARTMENT in charge of \_\_\_\_\_ S. Ross, Manager  
 DEPARTMENT OF ANALYSIS AND STATISTICS in charge of J. S. Baley, Manager

existed in China regarding the consortium's aims and plans. The document will, it is believed, be presented to the Chinese Premier and the Ministry of Finance for their consideration.

No advices have been received by the American banking group, it was learned, substantiating the hostility to the consortium upon the part of the Chinese Government which has been indicated in recent press dispatches from Peking. The tendency here is to regard the statements that have been attributed to the Chinese Premier and other officials as catering to political exigency and as directed to rest the sentiment of the student radicals who are understood to see in the consortium's operations a danger similar to that inherent in the efforts of one or another of the powers in the past to exploit China for their own advantage. Bankers point out that the consortium's program and the old "grabbing" game are as far apart as the two poles; that, in fact, the consortium has been organized primarily to halt exploitation of China's wealth and resources.

In so far as the Chinese Government's statements may rally the support of the Chinese banks and investors to constructive enterprise and projects, a purpose for which they are also believed to be designed, consortium bankers will welcome their result, as they are anxious to do for China only what China is unable to do for itself.

## JAPANESE GOLD IMPORTS

It is estimated that total shipments of gold from the United States to Japan for the half-year will be close to if not exceeding \$80,000,000. In regard to this situation Akira Den, Japanese Financial Commissioner to the United States is reported to have said:

Japanese banks and some non-Japanese banks which are doing exchange business in the Far East are still continuing to export gold to Japan. The Japanese Government has never encouraged the export of gold from the United States by Japanese banks, and recently the specie reserve of the bank of Japan has reached the same amount as that of the bank notes outstanding; in other words, a 100 per cent. reserve has been attained.

I understand that Japanese banks will export gold to the extent of \$17,000,000 during this month and several millions more during December, while the exports by these banks from July to October totalled \$47,610,000.

Regarding the future course to be followed I cannot say exactly, but I have some doubts as to whether the same tendency will continue as heretofore.

# The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.



(\$0.50 = 1 peso)

Capital fully paid-up . . . . . (pesos) 6,750,000.00

Reserve Funds . . . . . 4,550,000.00

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## AGENTS

London: Nat'l Bank of Scotland, Ltd.  
 Spain: Banco Hispano Americano  
 Hongkong: Netherland India Com'l Bank  
 San Francisco: Wells Fargo Nevada Nat'l Bank  
 New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte  
 Australia: Bank of New South Wales  
 Shanghai: Bank of Canton, Ltd.  
 Chicago: Continental & Commercial Nat'l Bank  
 Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

## DEVELOPMENT OF THE DUTCH EAST INDIES

The following statistics of the foreign commerce of the Dutch East Indies show a remarkable development in the past few years.

IN MILLIONS OF DOLLARS

	Imports	Exports	Total Foreign Trade	Favorable Foreign Trade Balance
1900	.....	.....	182	
1910	.....138	181	319	42
1913	.....197	274	471	77
1914	.....172	275	445	103
1915	.....160	308	468	148
1916	.....179	347	526	168
1917	.....199	317	516	118
1918	.....227	272	499	45
1919	.....296	867	1163	571

## TO BUY DEPRECIATED NOTES OF CHINESE BANKS

The heavy depreciation of the Peking notes of the Bank of China and the Bank of Communications has interfered to such an extent with Chinese trade and has caused such considerable losses that the Minister of Finance has been authorized to float a short-term

domestic loan of \$60,000,000 of which \$36,000,000 will be utilized to buy these depreciated notes during the period of November 1, 1920, to January 31, 1921. The balance of \$24,000,000 will be used to discharge mortgages held by the two banks. The notes thus regained will be destroyed. After January 31 no official or commercial institutions will be permitted to traffic in depreciated notes of these two banks or to fix a market value for them of less than their face value.

## Australasia

### AUSTRALIAN FINANCIAL SITUATION

"Commerce Reports" for November 12, published the following with regard to the Australian financial situation:

In explanation of the inability of the Australian banks to make telegraphic trans-

fers in exchange or to sell letters of credit, American Trade Commissioner Ferrin, of Melbourne, has cabled with the suggestion that the situation may be due to the credit reserve of Australia in London being reduced, owing to disappointing wool sales together with Government remittances to England. It is further stated that the Australian banks are much concerned with the present situation of their inability to draw upon London. It is suggested that no relief may be expected before the beginning of March, when wheat can be sold abroad. In connection with the above, attention might be called to the fact that the treasurer of Australia in his speech of Sept. 16, presenting the proposed budget of the Commonwealth for the coming fiscal year, stated that he had arranged for the sending of 7,300,000 pounds sterling to London before November in payment of interest and amortization due English holders of Australian loans. On October 1 the control over the Australian wool, which had previously been held by the English Government, passed into the hands of private owners in Australia. On that date the sales of wool under the colonial sales plan were again put into effect. London sources state that there is a period of dullness at the present time in the woolen goods industry, owing to large stocks of woolen goods and of raw materials in London and abroad. Recent labor disturbances in that country have also contributed to the situation.

### NEW ZEALAND TO ISSUE A COMPULSORY LOAN

According to a recent dispatch from Wellington, the New Zealand government is to issue a compulsory loan requiring a subscription equal to one year's average income tax.

## Philippines

### E. W. WILSON NEW HEAD OF PHILIPPINE NATIONAL BANK

It has been announced by Adolph Kopp, manager of the New York branch of the Philippine National Bank, that advices have been received from Manila of the resignation of Senor Zenancio Conception, who has been president of the Philippine National Bank for the past three years.

It is understood that Mr. Conception has for some time past expressed a desire to retire, his health having been in an unsatisfactory condition.



E. W. WILSON  
Manager Philippine National Bank

Mr. Conception will be succeeded by E. W. Wilson, at present, vice-president of the Anglo and London-Paris National Bank of San Francisco, who has been designated as head of the bank in Manila. Mr. Wilson sailed recently from San Francisco.

### AMERICAN CHAMBER OF COMMERCE IN THE PHILIPPINES

"Commerce Reports" publishes the following information with regard to the recent organization of an American Chamber of Commerce in the Philippine Islands:

The American Chamber of Commerce of the Philippine Islands was organized several months ago for the purpose of having a commercial organization distinctly Amer-

# Nordisk Bankinstitut *N/S*

Christiania, Norway

*Paid up capital of 8 Million Kroner*

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



ican. Into it has gone practically all American firms of standing. It has funds at its disposal for the establishment of suitable quarters, a stock exchange, a downtown lunch room, and other conveniences for the merchant. Its associate list has attracted a large number of Americans of the non-merchant class. The organization has called out more American enthusiasm than any other organization or event that has interested the public here for a long time. The moving spirits of it, those who will determine its policies, are wholly American, as are all the individual members. Even those who represent foreign capital are American citizens.

The organization will undoubtedly be a potent force for the development of American commerce in this country.



## International Banking Notes

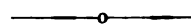
The net profits for the half-year ending June 30 last, of the Sumitomo Bank, Limited, of Osaka, Japan, were Yen 7,911,245.71, which added to Yen 772,895.90 carried from the last half-year makes a total of Yen 8,684,151.61, which was appropriated as follows:

	Yen
To reserve fund.....	5,500,000.00
To dividends.....	1,588,000.00
To reserve for doubtful debts.....	500,000.00
To pension reserve.....	250,000.00
To bonus.....	70,000.00
To balance carried forward to the next half-year.....	778,141.61

The deposits of this bank have increased from Yen 882,000 in December 31, 1895, to Yen 359,764,000 on June 30, 1920. Loans have increased from Yen 2,142,000 on December 31, 1895, to Yen 375,155,000 on June 30, 1920.

The New York Agency of this bank is

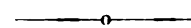
at 149 Broadway, and S. Imamura is the agent.



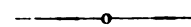
The profits of the Bank of Chosen, whose head office is at Keijo (Seoul), Chosen (Korea), after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, amounted to Yen 3,237,368.14 to which should be added the balance from the previous half-year, Yen 455,942.19 and the premium on new shares, Yen 1,060,080 making a total of Yen 4,753,390.33 which was appropriated as follows:

	Yen
Dividend at 6 per cent. per annum on old shares.....	1,200,000.00
Dividend at 6 per cent. per annum on new shares.....	116,712.32
Additional dividend at 3 per cent. per annum on old shares.....	600,000.00
Additional dividend at 3 per cent. per annum on new shares.....	58,356.16
Reserve Fund to provide for losses.....	2,000,000.00
Reserve Fund to equalize dividend.....	70,000.00
Bonus and allowances.....	120,000.00
Payment to Government.....	80,103.33
Balance carried forward to next half-year.....	508,218.52

The New York Agency of this bank is at 165 Broadway, and I. Fujimaki is the agent.



"France, a Market for American Products," an article by J. A. M. de Sanchez, of the French Commission in the U. S., which originally appeared in "Printers' Ink," has been reprinted in pamphlet form.



Lloyds Bank, Limited, has announced that the certificates of the old 50 shares may now be lodged with the secretary, 71 Lombard Street, London, E. C. 3 for the subdivision and renumbering of the shares.

# Aktiebolaget Svenska Handelsbanken

The Swedish Bank of Commerce

HEAD OFFICE: Stockholm

Cable Address: "HANDELSBANK"

Capital Paid Up . . . . Kr. 80,708,600

Reserve . . . . . Kr. 100,268,609

Resources . . . . . Kr. 1,501,601,560

With 254 branches throughout Sweden this bank is fully equipped to handle the Swedish business of American banks

On August 31, 1920, the Bank of Athens had total resources of Drs. 564,325,318.63. This bank has a capital of Drs. 48,000,000, and a reserve of Dr. 600,000.

The Guaranty Trust Company of New York has issued a useful pamphlet entitled "Essentials in Trading with Latin America."

On October 31, 1920, the condition of the Skandinaviska Kreditaktiebolaget, which has branches in all parts of Sweden, was as follows:

ASSETS	
	Kr.
Cash . . . . .	40,344,626.52
Bills discounted . . . . .	318,582,450.83
Loans on securities . . . . .	444,067,975.43
Current accounts . . . . .	324,454,967.09
Due from other banks . . . . .	107,459,007.06
Sundry accounts . . . . .	87,975,158.28
Securities . . . . .	48,121,692.39
Bank premises . . . . .	13,365,164.23
	1,382,371,041.83

LIABILITIES	
Bills in circulation . . . . .	27,702,174.10
Current accounts . . . . .	363,425,605.33
Deposits . . . . .	570,517,015.72
Due to other banks . . . . .	107,844,042.58
Sundry accounts . . . . .	130,882,204.10
Paid-up capital . Kr. 87,188,000	
Reserve Fund . Kr. 94,812,000	182,000,000.00
	1,382,371,041.83

The Credito Italiano, of Genoa and Milan, Italy, has been authorized by the New York State Banking Department to maintain an agency at 66 Broadway, New York.

The American Foreign Banking Corporation has applied for permission from the New York State Banking Department to open a branch office in the city of Mexico, in the Republic of Mexico.

Two new branch offices have been opened by the Banque Industrielle de Chine, one in Dunkirk and the other in Bordeaux, France. This step has been taken, an official of the institution pointed out, because of demands for such representation in those cities.

The Union Bank of the Co-operative Societies of Posen, Poland, has been authorized by the New York State Banking Department to maintain an agency at 31 West 43d Street, New York.

The Aktiebolaget Svenska Handelsbanken of Stockholm has published a wall map of Sweden which is the result of years of research work at the foremost cartographical institute in Sweden. The result is the most up-to-date Swedish map of its kind which is available at the present time.

The Banca Italiana di Sconto, the head office of which is in Rome, Italy, had total resources on September 30, 1920, of Lires 8,406,574,561. Profits of the current year were Lires 28,039,267; deposit and current accounts, Lires 876,226,296; capital, Lires 315,000,000; reserve fund, Lires 68,000,000.

The New York agent for this bank is the Italian Discount and Trust Company, 399 Broadway.

A cable dispatch from the head office of the Bank of British West Africa, Ltd., in London to the New York agency yesterday announced the authorization of the usual half-yearly dividend of four per cent.

# National Thrift Week

**A** MOVEMENT inaugurated by the Young Men's Christian Association, in co-operation with the Government and a great many commercial and other organizations, will culminate in a National Thrift Week, beginning on January 17.

The following program has been adopted:

January 17—National Thrift Day or Bank Day—To emphasize the service the banks render to stimulate the starting of bank accounts, both saving and check.

January 18—Budget Day—To emphasize the importance of planning expenditures, careful buying, wise investments and keeping a record of where the money goes.

January 19—National Life Insurance Day—To emphasize the importance of protecting the family by creating an estate.

January 20—Own Your Own Home Day—To emphasize the importance of living under one's own roof.

January 21—Make a Will Day—To emphasize the value of planning for the future welfare of dependents.

January 22—Pay Your Bills Promptly Day—To emphasize the value of credit and the moral obligation of paying what you owe when it is due.

January 23—Share With Others Day—To emphasize the need of giving systematically to worthy causes instead of becoming a miser.

A national committee has been selected of men prominent in all centers of the country. This committee is headed by Adolph Lewisohn, of New York city, who is acting as chairman. Among some of its co-operating agencies are the American Bankers Association, Savings Division of the United States Treasury Department, United States League of Building and Loan Associations and others of similar importance.

The local clubs, chambers of commerce and other organizations are expected to co-operate in every community and the plan is designed to reach not only the cities where there are Y. M. C. A. branches, but every village, hamlet and even the rural districts, through the county Y. M. C. A. secretaries and local organizations.

The first Thrift Week was observed in 1918, and wherever the plan has been worked the results have been very commendable. This year the planning has been continuous and organization is well set up throughout the country. It seems probable, therefore, that more people will know how to spend their money, and at the same time how to save it, than ever before. It is not hoped to usher in a financial Utopia, but it is quite certain that a large number of individuals will be appreciably benefited and that throughout the realms of banking, investments, real estate and insurance there will be a considerable advance, as they affect the American people.





# Banking and Financial Industry

SPECIAL

**BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL . . . . \$5,000,000.00  
SURPLUS . . . . 5,000,000.00  
UNDIVIDED PROFITS 2,500,000.00

**OFFICERS**

HARVEY D. GIBSON . . . . .	President
DANIEL G. REID . . . . .	Vice President
ALEXANDER V. OSTROM . . . . .	Vice President
CHARLES W. RIBOCS . . . . .	Vice President
HERBERT STAUFFEN, Jr. . . . .	Vice President
JOSEPH A. BOWER . . . . .	Vice President
BENJAMIN H. SMYTHE . . . . .	Vice President
JAMES G. BLAINE, Jr. . . . .	Vice President
JOSEPH S. MAXWELL . . . . .	Vice President
GEORGE MURNANE . . . . .	Vice President
SIDNEY W. NOYES . . . . .	Vice President
MAURICE F. BAYARD . . . . .	Vice President
FREDERICK W. WALK . . . . .	Cashier
FREDERICK P. McGLYNN . . . . .	Assistant Cashier
THEODORE C. HOVEY . . . . .	Assistant Cashier
LOUIS W. KNOWLES . . . . .	Assistant Cashier
RAYMOND G. FORBES . . . . .	Assistant Cashier
DANFORTH CARDOZO . . . . .	Assistant Cashier
EDWARD J. WHALEN . . . . .	Assistant Cashier
DONALD D. DAVIS . . . . .	Trust Officer

## **When You Build That New Home for Your Bank**

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Hibernia Bank & Trust Company, New Orleans, La.  
Seaboard National Bank, New York  
National Bank of Commerce, New York  
Asia Banking Corporation, New York  
Mercantile Trust Company, New York  
American Exchange National Bank, Dallas, Texas  
Charlotte National Bank, Charlotte, N. C.  
First National Bank, Jersey City, N. J.  
Greenwich Trust Company, Greenwich, Conn.  
Colonial Trust Company, Philadelphia, Pa.  
Titusville Trust Company, Titusville, Pa.  
First National Bank, Richmond, Va.  
Virginia Trust Company, Richmond, Va.  
Planters National Bank, Richmond, Va.  
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

**Alfred C. Bossom**

*Bank Architect and Equipment Engineer*

680 Fifth Avenue, New York



Main Banking Room, Women's Department, Fletcher-American National Bank, Indianapolis

## The Women's Bank Department of the Fletcher-American National Bank, Indianapolis

**I**N the year 1905 the Fletcher-American National Bank, Indianapolis—then the American National—purchased the government building at Market and Pennsylvania Streets, and the Weary and Alford Company was employed to convert the premises into a modern bank, which, as they then assumed, would house them for all time.

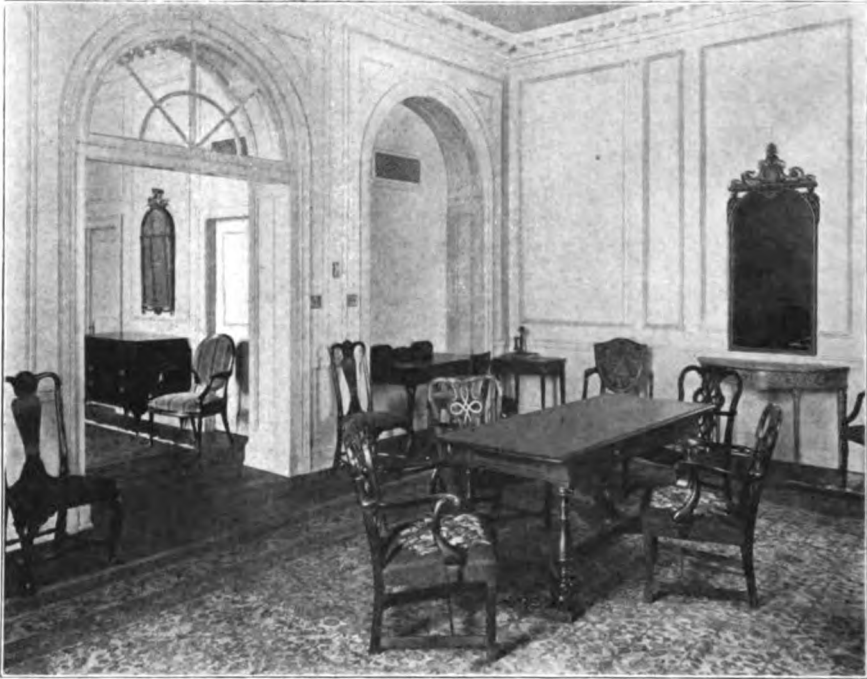
The building was 96x120 feet, five stories high, of heavy monumental construction, and the cost of reconstruction was in excess of half a million dollars.

This did very well for a time—in fact, until 1910—when it became necessary to make some important changes, followed by new and greater expansion in 1914. Bankers, however, seem to be insatiable, and by the fall of 1919 they had outgrown themselves to a point where the lobby was congested and they

needed more wickets, more safe deposit space, and in fact more of most everything. Since that time construction has



View of Banking Room, Women's Department



Assembly Room for Convenience of Women's Public Committees



E. D. WEARY

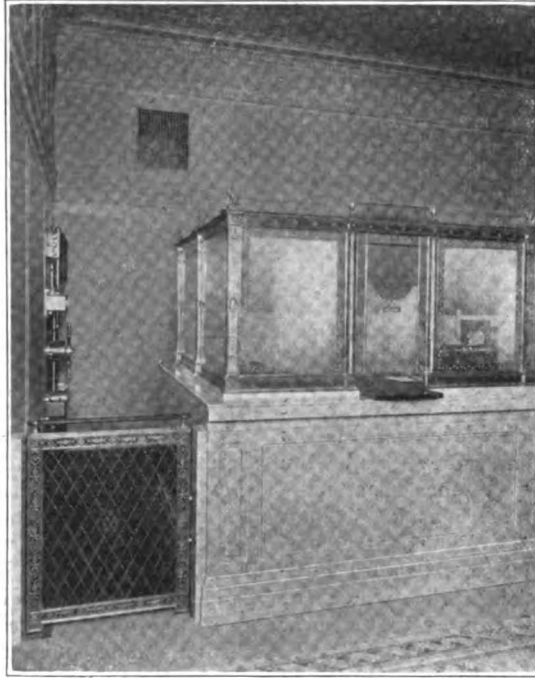
President Weary and Alford Company, Chicago

been going on night and day, including the addition of two more stories, and the relief of the lobby was accomplished by inaugurating something entirely new.

#### THE WOMEN'S DEPARTMENT

This was accomplished by moving the bond department, which occupied the northeast corner of the building, to the second floor, and this space with additional space in the second floor has been equipped for the exclusive use of the women customers of the bank, thus transferring some 5,000 accounts from the main lobby. This arrangement gives a separate entrance from Market Street and a private elevator gives access to the club rooms above.

The banking room proper is designed in the Italian period—Raphaelesque in character—and the bank screen and gates, the entrance doors, electroliers and all other metal parts are gold plated. The modeling is exquisite and



Section of the Women's Banking Room

is hand chased to the standard of the finest jewelry, the plaques being in blue, which comports with the Wedgwood vases introduced in the lighting fixtures. This same Wedgwood color is reproduced in the plaques in the ceiling, in the window draperies and in the floor. The floor, which is worth special mention, is executed in Belgian vitrified glass mosaic, having the appearance of slag. The body has a lace design running through, giving the effect of a hand-made rug. The walls are executed in Botticino marble.

Four tellers handle the business with a manager and assistant, a stenographer and attendant in the lobby, and there is an ample vault.

An electric elevator carries the women to the second floor, where they find a splendid array of convenience and luxury. The design throughout this is in the Georgian period; the walls and ceiling are in white, the furniture in mahogany and inlaid lacquer effects, richly upholstered. The floors are in

Rangoon teakwood from India, a plank effect with ebony inlaid joints, mostly covered, however, with rich rugs.

The suite comprises an anteroom, check room, dressing room, toilets, and a large assembly room, and a thorough ventilating plant gives added comfort to the premises.

It was the aim of the bank in estab-



View of Women's Suite

lishing this service to accomplish several things: To relieve the congestion in the lobby, to provide comfort and luxury for their valued customers, to provide also assembly rooms and a meeting place for governing boards of

women engaged in public work, not alone in Indianapolis but throughout the state, and incidentally no doubt, the advertising value of such an equipment makes it a well-worth-while enterprise.



## Italian Discount Opens Harlem Office

**T**HE Italian Discount and Trust Company, on November 11—its second anniversary and the birthday of King Victor Emanuel—opened a Harlem office at 2242 First Avenue, near 115th Street, the company having acquired the banking business of A. Alvino & Figlio, which for six years was conducted by that firm at the above address.

The opening of this office brings to

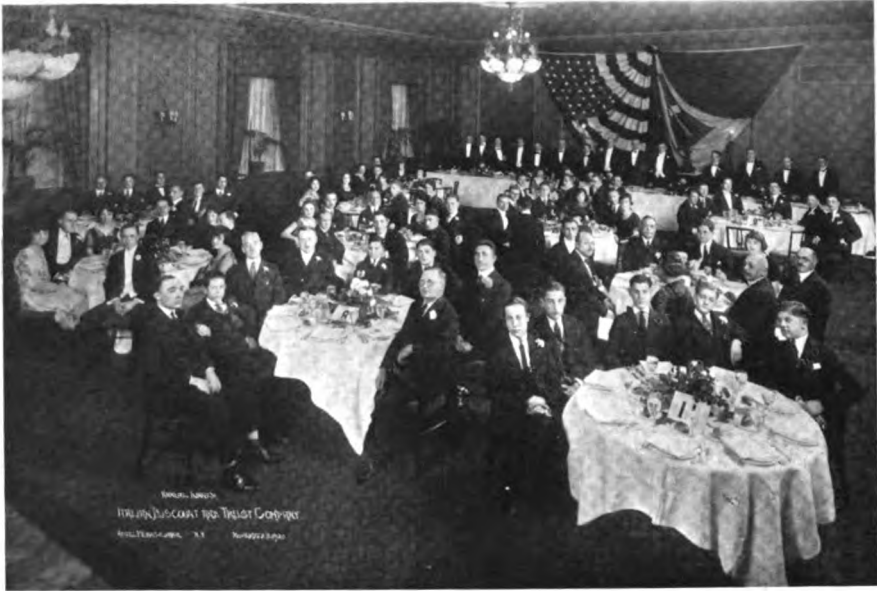
firms and individuals in the Italian district of Harlem a personal and comprehensive service in all branches of domestic and foreign banking. The same broad range of services which is offered by the company at its main office, 399 Broadway, will hereafter be available in Harlem, including special interest accounts, checking accounts for business and personal use (interest paid), the purchase and sale of foreign exchange—specializing in lire, Circular Checks on Italy (without cost to the client) for both traveling and remittance purposes, and complete banking service for importers and exporters.

The Italian section of Harlem is assured, furthermore, of all the advantages of the intimate connection which exists between the Italian Discount and Trust Company and Guaranty Trust Company, of New York, and Banca Italiana di Sconto, of Rome, with its more than 150 branches throughout Italy.

In the evening of November 11, the second annual dinner of the Idatco Club, composed of the officers and staff of the Italian Discount and Trust Company, was held at the Hotel Pennsylvania. George S. Arciero, president of the club, was toastmaster. The guests included Albert Breton and Willis H. Booth, vice-presidents of the Guaranty Trust Company of New York; Arthur B. Hatcher, assistant vice-president of the Guaranty; Harry Lawton, manager, Grand Street office of the Guaranty; Walter M. Adriance, educational director of the Guaranty, and Hon. John J. Freschi.



GEORGE P. KENNEDY  
President Italian Discount and Trust Company



Annual dinner of the Italian Discount and Trust Company at the Hotel Pennsylvania

Addresses were delivered by Mr. Breton and Judge Freschi, President George P. Kennedy and Vice-President Julian W. Potter. Mr. Breton, in sketching the birth of the company, said:

"This is the first time I have had the pleasure of speaking at one of your banquets. Last year I was in Europe and did not have the pleasure of being with you. I am very happy and very proud to be here to-night, because I have not done much for the Italian Discount and Trust Company since it opened its doors; all my work was done before it opened its doors. Inasmuch as I understand speech-making is not very pleasant when ladies are waiting to dance, I am going to be very short. I would like, however, to try to explain to you how the Italian Discount and Trust Company was born.

"About two and a half years ago, in the early part of 1918, Mr. Wirz came here representing the Banca Italiana di Sconto, to look over the situation and at the same time to make a study of the New York market. It happened that Mr. Wirz was an old friend of mine—we had not seen each other for

four years—I had lost sight of him and he had lost sight of me. I knew Mr. Wirz when he was in London. I did not know he had gone to the Banca Italiana di Sconto, and I knew him as soon as he came to the Guaranty Trust Company.

"Of course, when we met, we felt very happy. He said to me: 'Well, I came here to look around and find out if we should establish an agency here such as other Italian banks intend doing or whether we should establish an American bank. I think the best thing to do would be to make a close alliance with an American bank, and, of course, we should like very much to do business with the Guaranty Trust Company.'

"So one night Mr. Wirz and I went to dinner, and we talked about the possibility of establishing an American bank here. When we finished we were very enthusiastic about our new program; and the result was that after a few very short conferences we decided to establish the Italian Discount and Trust Company.

"The name comes from the idea that we wanted a name which would be as near as possible in English to Banca

Italiana di Sconto. We had some trouble in getting the Superintendent of Banks' permission to use this name, and it was only after we explained to him our idea—for the Banca Italiana di Sconto to show abroad that they had an affiliation—an institution with the same name 'discount' in it—that permission was given.

"When we decided to establish the bank the most difficult point was to get the management, and get it started, and Wirz asked me, 'Whom can you suggest can come to the Italian Discount and Trust Company who knows Italian or something about Italian business?' I thought a good deal and said, 'Yes, I have two that I know—Mr. Kennedy and Mr. Connolly.' (Here the speaker slowly pronounced the names, with an Italian accent.)

"We opened on the day the armistice was signed and on the birthday of the King of Italy; so, you see, the Italian Discount and Trust Company was born under the best auspices.

"Basically, we are sound; all the world is sound; but we have been used to extravagance. We have had a sellers' market, but now we have to hunt out the buyers. We have been having strikes of all kinds all over the world. To-day we have the biggest strike of all—the consumers' strike. Nevertheless, we ought to be cheerful, because this is a good lesson. And for all of you who have just started in life, in professional banking, this is the best experience you will ever have. You will come out of it good bankers, having learned in one or two years some of the things it took me ten or twenty years to learn.

"I hope that the Italian Discount and Trust Company will continue as it has in the past. I am very glad to have heard what you had to say to-night about your organization, and permit me to congratulate you."

Mr. Kennedy said, in part:

"Although we did not reach during the past year the goal we set for ourselves, we achieved something just as good—and a great deal better in one way—we have more loyal workers with

us to-day than we ever had before. And just in that connection I want to pay my tribute to those of the 'Veterans' Association,' including to-day Joe Orsi, George Arciero, Joe Avolio, John Cahalen, John Parella, Tony Lotito, Mrs. Barr and Miss Laspia, who were the original group that started with us just two years ago to-night. No institution has ever had more loyal or more vigorous support given to it than these members of the 'Veterans' Association' (for that is just exactly what they are) have given to the Italian Discount and Trust Company. They stood by when we were very small and when we had a lot of hard work to do, and I want just at this time to voice my appreciation of their staying with us through those trying days.

"The whole world at the present time seems to have a peculiar idea that we must overturn old traditions and tried conditions in order that something else—we know not what—may evolve. To my mind, evolution doesn't come that way, and I think that we all of us here, as good citizens of this great country, must combat this idea of the overturn of individual effort. Theodore Roosevelt knew, perhaps as well as, if not better than anyone else, that individual effort made for national security and national progress, and that no amount of radical teaching and false propaganda could ever make any difference in the fundamentals of economic law; and so, it seems to me that we are facing in this country a condition which needs your and my effort to combat it, and that is that we must stand for individual effort and not for communistic effort.

"Our company has grown during the last year because we now have two offices instead of one. To-day marks the opening of our Harlem office. And one of our veterans has been charged with the responsibility of opening, and building, and bringing it to a success. If Mr. Orsi hadn't been the kind of man who did things that he wasn't expected to do, he would never have gone to Harlem to run the branch; he never



would have had the responsibility he has; and he never would have had the confidence of his directors and officers, if we hadn't known that Mr. Orsi was the kind of man that he is. And he is only one man among all of us who are

building along the same lines—and that is the reason that I am proud to stand here to-night and to show our guests the kind of an organization the Italian Discount and Trust Company boasts of."



## A Fast Growing Foreign Department

**O**WING to the rapid expansion of its business, the foreign department of the Mechanics & Metals National Bank of New York has been moved into new quarters. Originally the foreign department was on the street floor at 22 Pine Street, which immediately adjoined the bank's building at 20 Nassau Street. The bank took over its entire third floor and remodeled it in panelled oak, to take care of its enlarged foreign department. The three

pictures herewith show the officers' platform in the new quarters, the conference room and the windows looking down from the officers' platform.

This is the second move which the expansion of the foreign department has compelled it to make. It is only three years ago that it was moved from its original quarters on the lower floor of 20 Nassau Street into enlarged space in the annex building at 22 Pine Street. It was then thought that the foreign



Officers' Quarters



View of Customers' Lobby from Officers' Quarters



Conference Room

department was adequately housed, but so rapidly has the work of the department grown, and so large became the clerical force to handle the work, that many months ago it became apparent that the bank was under the compulsion of establishing the foreign department in still larger quarters.

The officers' quarters of the foreign department duplicate somewhat the officers' quarters on the main floor. There is an abundance of light and air; the platform is spacious and entirely open to the visiting public, being separated only by a low rail from the customers' lobby. On either side of the customers' lobby and marked off by a screen of oak and bronze are the tellers. The bookkeeping staff and a large part of the clerical staff of the department are on the north side of the third floor, where every device for their convenience and comfort has been installed.

The removal of the foreign department has enabled the other departments of the bank also to enlarge their quarters. The credit department has moved

into the foreign department's old quarters on the ground floor at 22 Pine Street and will occupy also the third floor of that building. The new business department has been assigned the fourth floor, which has given much needed space for expansion. Larger floor space has likewise been available for other departments.

This latest change has been in line with the rapid growth of the whole bank. In June of this year a consolidation was effected with the New York Produce Exchange Bank, which gave the Mechanics and Metals nine branches in the Borough of Manhattan, in addition to its main office, making it one of the four national banks in New York City which have branches. At the same time the capital of the bank was increased from the \$6,000,000 of early in the year to \$9,000,000, with \$1,000,000 additional brought to it by the Produce Exchange. The present capital of the bank is \$10,000,000; the present surplus, \$10,000,000, and undivided profits in excess of \$5,000,000.



## A. I. B. Convention

The executive council of the American Institute of Banking has selected July 19, 20, 21 and 22, 1921, as the dates of its nineteenth annual convention to be held in Minneapolis, Minnesota.

# I am the Automobile

By W. C. Sills

Member of Board of Directors National Automobile Chamber of Commerce,  
New York

**P**RODUCT of brain and brawn, I fill man's primary need for transportation.

I aid the progress of civilization by bringing men closer together.

I am the friend and the servant of mankind.

I am the companion of recreation and the helpmeet of work.

I render employment to millions. I speed production and the delivery of the world's goods.

I increase the value of property.

I place the country within reach of the city dweller, and bring the city to the doors of country folk.

To the farmer I have been a godsend. I save him time and labor. Through me he has improved his way of living, I have brought the town close to him.

The manufacturer depends on me to carry merchandise from source to factory and on to the markets.

I proclaim the wares of the merchant. I swell his profits. I serve the customer.

I am the feet of the salesman, bearing him to greater service, to more and greater riches.

I bring the physician in time to save the stricken. I keep his mind keen and his hand steady. I restore roses to the cheeks of pallor.

I serve the interests of all professions. I am the inspiration of art and of letters.

Man is indebted to me for the broadening influence of travel.

I provide comfort and protection on his way.

Woman realizes her independence through my offices.

To youth, I mean the wholesomeness of the great outdoors, the poetry of motion and the romance of changing scene. To age, I bring rejuvenation through diversions other than the hearthstone.

I attend man at his birth. Throughout the span of life I am the cradle, the saddle and the rocking chair.

I am the bearer to the final place of rest.

I am the new common carrier. I am the automobile.

# Banking and Financial Notes

SPECIAL

*The* **BANKERS  
MAGAZINE**

SECTION

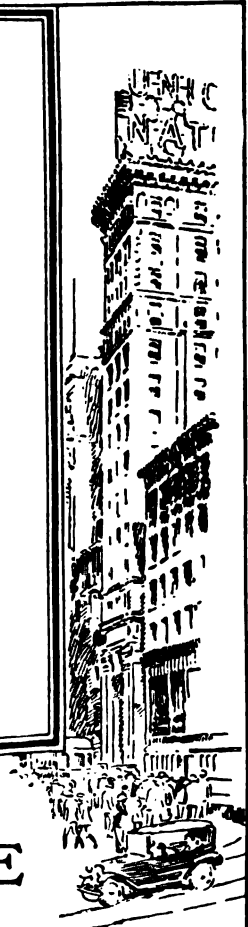
**T**HIS bank invites the business of banks and bankers requiring a Cleveland depository in the confidence that its complete facilities and intelligent interested service will render an account, once established, a source of permanent and mutual satisfaction and profit.

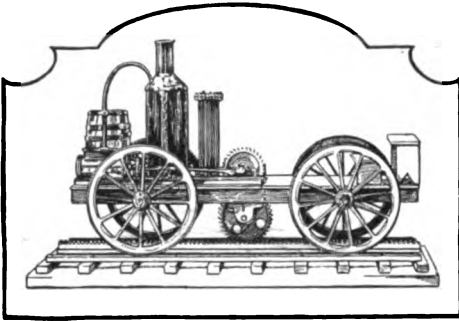
We welcome opportunity to serve you not only in routine but also in any other banking way.

Call upon us in your Cleveland business.

This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

**UNION COMMERCE**  
*National Bank*  
OF CLEVELAND





*The First Locomotive  
Built by Colonel JOHN STEVENS*

MUCH of the impetus behind the gigantic commercial and industrial development of the Nation, in which the Bank of the Manhattan Company played such an important part, came from the inventive genius of Col. John Stevens, one of the original directors of the Bank. Stevens built the first locomotive, the model of which is still preserved in the Smithsonian Institution at Washington. He was the first to see the significance of railroads and took out the first charter for their construction. He built the first ocean-going steamship. Today, as for 121 years, the Bank of the Manhattan Company is offering the facilities of its huge resources and the counsel of its Officers and Directors to those men whose field of action is that vast network of commerce and industry which steamships and railroads have made possible.

**BANK of the** *1-2*  
**MANHATTAN COMPANY**  
ESTABLISHED 1799  
40 WALL STREET

Capital \$5,000,000. Surplus and Undivided Profits \$16,146,494.20  
UPTOWN OFFICE:—51 Union Square, New York  
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# Review of the Month

## The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

**A**S has been the case for the past few months, the outstanding feature of this month's business situation is the continuous drop in prices. In fact, as the American National Bank of San Francisco states, the orderly retreat has been turned into a rout. This bank says in a recent letter:

The orderly retreat of high prices has developed into something like a rout. The right wing, represented by factory and wholesale prices, already has fallen back; the left wing, occupied by stock market quotations, is stampeded. The center, held by retail prices, still maintains its position, but the line is wavering and shows unmistakable indications of retiring. As to the extent of price declines, Dun's index of commodity prices (wholesale) on November 1 was 227.1, as compared with 237.3 for October 1, and with 263.3 for May 1, a descent of about 13½ per cent. in six months. According to the United States Department of Labor statisticians, retail food prices declined 3 per cent. in October, while clothing had dropped 18 per cent. below the figures of 1919, and farm products 21 per cent.

The reason for the downward progress of prices cannot be found in increased production, but rather is attributed to slackened demand. Concessions in price do not bring the usual result of quickening demand. A wave of economy has succeeded to the wave of extravagance which swept the country a few months ago. Moreover, the buying power has been measurably lessened, by reason of extensive idleness in certain industrial sections, and lower values of products in agricultural areas. People do not commonly spend what they do not have. As a consequence, sales have fallen off, merchants are not inclined to order largely for the future, and manufacturers, wanting orders, are running on part time or not at all. This is the long-looked-for but not universally desired readjustment. Like most disagreeable experiences, it is said to be good for us.

The following table, prepared by the Federal Reserve Agent of the Federal Reserve Bank of New York shows the

actual percentage of decline in wholesale prices:

WHOLESALE PRICE INDICES		
Country	Per cent. decline during latest month reported	Per cent. decline from highest
United States		
Bureau of Labor.....	7.0	17.3
This bank's index (12 basic commodities).	5.2	33.5
Dun's .....	4.3	13.7
Bradstreet's .....	7.3	24.9
British		
Economist .....	6.2	14.1
Statist .....	3.4	9.9
French .....	4.4	13.9
Italian .....	.8*	2.1
Japanese .....	2.1	28.3
Canadian .....	2.9	11.0
Swedish .....	4.4	6.2
Australian .....	2.5	2.5
Calcutta .....	1.0	5.5

\* Increase.

### SEES NO CAUSE FOR DEPRESSION

The situation is summed up by the Mechanics and Metals National Bank of New York as follows:

In contrast with the extreme optimism prevailing less than a year ago, the severity of the present reaction has thrown a spirit of depression over the entire community. This has added to the momentum of the decline in prices and intensified the curtailment of business in a fashion that manifests afresh how strongly people are governed at times by their emotions rather than by their judgment. As a lack of buying helped to cause a fall in prices, the fall in prices has now caused a lack of buying. The depression seems at first glance to work in a downward cycle, lack of buying causing lower prices and a shutting of factories, and these in turn causing unemployment and reduced purchasing power.

Yet such a cycle cannot continue, any more than the so-called cycle which raised prices and wages to their recent extravagant heights. Conditions, discouraging as they may seem, contain within themselves

the seeds of their own change for the better. The orgy of extravagance has passed. Dubious enterprises are being abandoned. Much of the labor absorbed by luxuries will now return to the manufacture of essentials. A stop is coming to the wasteful and extravagant business methods that grew up in the last few years. Insecurity of tenure and less overtime work have already greatly raised the efficiency of labor. The efficiency of management will now increase; to overcome the handicaps of high costs of production and lower prices, improved methods of production will be introduced. The freight congestion problem, which for a time seemed insoluble, is solving itself. To the gradually increasing efficiency of the railroads under private management and the return of self-dependence upon earnings, plus higher standards in loading and unloading and in car movement, has been added the factor of a declining volume of goods seeking to be moved.

#### SILK SHIRTS AND AMBROSIA

The American Exchange National Bank of New York diagnoses the world's ailment as a "universal determination to eat ambrosia and to sport silk shirts without working for them." The bank's letter goes on to say:

There isn't a thing the matter with the machinery of production. The only thing that is the matter is that for some reason, principally idleness and selfishness, we have apparently made up our foolish little minds that we can take a head-on dive into the pools of pleasure and at the same time totally disregard the Biblical injunction "In the sweat of thy face shalt thou eat thy bread." If you don't believe this statement, just generate enough energy to get up early enough in the morning in the great city of New York, or anywhere else, and graze around the streets and see what is going on. The Catacombs of the ancient world have nothing on some of our principal thoroughfares at seven o'clock in the morning. They are equally free from active life.

What we need is a thorough awakening on the part of both men and women to a realization of the fact that God Almighty has put us in a world filled with opportunities—in a land where the raw material and the milk and honey of our environment of unspeakable excellence is ours for the taking, if we will only do the thing that He has commanded us to do, namely, work.

What we need is to dethrone the image of "Idleness" and in its stead to place upon our national pedestal that of "Work," re-consecrating ourselves to the faith of our forefathers, who, through sweat, grime and whatever was needed, built a principle into American life which we are apparently bound on destroying.

We need to get back to the practice of the simple faith that we find in the religious expressions of those who bore the brunt of our early development.

Above all and beyond all, we need to get back to constant, honest and unremitting work, than which there is no greater privilege or more glorious blessing.

#### READJUSTMENT WITHOUT PANIC

The Penn National Bank of Philadelphia points out the orderly fashion in which business is being adjusted.

The remarkable and gratifying feature of the transitional period in this country has been the orderliness with which, on the whole, it has proceeded. In the face of the sharpest decline in commodity prices that the country has ever experienced within a similar space of time, the number of commercial failures, though larger than in a year or so, is still not excessive. This attests to much underlying strength in the business situation, the good judgment of the majority of the country's business men, and to the soundness of the banking system which has successfully withstood the strain upon it. No concern which was solvent has been unable to obtain needed credit for essential purposes. It is true that unusual expedients often have been adopted to nurse along concerns which were on the edge of difficulties. But that there has been practically no panicky calling in of credits is traceable to confidence in the measures of security provided by the Federal Reserve System.

#### THE GROWING DOLLAR

There is consolation for the consumer in the growing purchasing power of the dollar, a phenomenon which accompanies falling prices.

"If the dollar was worth around 35 cents when prices were near their peak earlier in the year," says the W. J. Wollman & Co. *Review*, "we at least have the basis for a dollar that is worth more than fifty cents when these reduc-



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tions reach the consumer in the form of cheaper food, clothing, rents and other necessities. Moreover, the dollar will continue to grow in size, and in the course of a few months it may reach the proportions of 70 cents, as compared with its purchasing power in 1914."

### A WORD FOR THE RETAILER

Frequently of late observers of business conditions have pointed a finger of reproach to the retailer, whose failure to make price concessions to the public has been considered as the chief obstacle to readjustment. The other side of this argument is presented in the following letter, written to *The Bache Review* by a New England retailer:

When so much is being written and said against the retailer, would it not be fair to make an impartial examination of his case by way of change, in a spirit of fair play and a square deal?

Those of you who criticize us now seem to forget that it was the retailer who first

cut prices almost six months ago, when the manufacturers failed to recognize the change in the temper of the buying public, which the retailer was quick to sense through his close contact over the counter.

At that time the wholesaler and manufacturer was the first to criticize the retailer for reducing prices, telling him he would be unable to replace his stocks except at still higher prices! Had the retailer heeded this advice, it would have prolonged the period of high prices, as none of us have heard of a wholesaler reducing his prices when the demand was still strong. Is this consistent with the great chorus of 'profiteer, profiteer' which the wholesaler is lustily shouting to-day?

In spite of your undoubtedly well-meaning statements to the contrary, I assert without fear of successful contradiction that the retailers as a class have not been guilty of profiteering during the war, nor are they at this time. We are all marking our merchandise closer to-day than for many years; we have been reducing stocks, and buying only from hand to mouth, and in so doing are able to follow the market down, giving our customers the benefit of the new low prices.

I have been in close touch with a great many retailers in this section and we have freely and frankly exchanged confidential information relative to our business, and I know that as a craft the retailers are doing everything possible to bring prices to the lowest level obtainable, short of self-extermination.

#### THE CREDIT SITUATION

The National Bank of Commerce in New York has the following to say about the credit situation:

The country's credit requirements have, during the period under review, reached a maximum level. Pressure may for a time continue at this current high level, but no substantial increase is anticipated in the demand for banking accommodations, either for crop financing or to meet commercial and industrial requirements. The credit position is essentially sound and the future is to be regarded with confidence.

The banks and reserve institutions have financed the enormous volume of current requirements with no weakening of their reserve strength. The beginning of a reduction in the aggregate of these requirements is now evident. Loans of reporting member banks of the reserve system expanded steadily until the middle of October. A moderate contraction is now shown. Interior banks in diverse sections of the country are moderately increasing the volume of their purchases of commercial paper, an evidence of the release of funds from other employments. They have also begun, in a small way, to reduce their borrowings with other banks. Such contraction as has occurred is not of large volume. It is important, however, because, in the present difficult situation, it indicates an ability greater than might have been anticipated, on the part of both the interior banks and their customers to liquidate outstanding obligations. It indicates also that the future trend will be toward the contraction rather than expansion of such obligations.

#### PROSPECTS FOR PROSPERITY

Francis H. Sisson, vice-president of the Guaranty Trust Company, in addressing the annual meeting of the National Industrial Traffic League, had the following to say about the future of American business:

The fact that the inevitable readjustments

have thus far been effected without really serious difficulties gives promise that there will be further gradual readjustments with a more prompt resumption of normal prosperity than would have been possible had the process of credit expansion been unhindered. The number of enterprises in which liquidation has already been effected is increasing and the beneficial results of these readjustments are cumulative. While the greatest danger from large and sudden price recessions has probably passed, it is well, however, to recognize that grave difficulties may be expected if we should experience a profound general economic depression attended by a large and increasing volume of commercial failures.

The speed with which approximate stabilization in business is to be brought about will depend largely upon developments abroad, particularly in Europe. Industrial recuperation in eastern and central Europe has been slow in the two years since the armistice, and in many other countries, including some in which post-war recuperation and readjustment have made gratifying progress, there is now a slackening of business activity comparable to that in this country. This condition is a fundamental factor affecting our foreign trade. Inasmuch as our industrial capacity in general is greater than is required for domestic needs, it is extremely important that our export trade be fostered during the remainder of the transition period. The financing of our export operations, in fact, will continue for some time to be one of the chief concerns of American bankers.

Of vital interest in the preservation of our foreign markets, so essential to our industrial prosperity, are the plans for a foreign financing corporation, with a capital of \$100,000,000, which are to be considered at a nation-wide meeting of bankers and business men, called by the American Bankers Association, in Chicago, December 11. If these plans are successful, they will furnish to American industry the means of taking advantage of the provisions of the Edge Law on a large scale through a great national enterprise.

Such a corporation could, under the Edge Law, extend credits for our export trade up to \$1,000,000,000. The effort of the American Bankers Association, which has been developed through a committee of leading bankers from all sections of the country working with committees from the Foreign Trade Council and the United States Chamber of Commerce, would bring into being an organization of vast financial ca-

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capacity for the service of American industry in maintaining and developing our export trade, and in lessening the danger of over-production and unemployment.

### THE FARMERS' LOSSES

A falling off in the purchasing power of the American farmer is seen by the National City Bank of New York, which states:

The fall in prices of farm products during the past month has given a more serious aspect to the entire business situation. Following the declines in September and October, the cuts again have been very deep, and are of far-reaching influence. When the price recessions occurred in the months following the armistice and a general reaction in business seemed to be imminent, farm products were sustained by a heavy foreign demand, and with the buying power of the farm population sustained, a good general trade over the country was maintained, and the industries that had been disturbed were brought back into line. The expectations of continued prosperity during the coming year have been based upon the assumption that

with Russian products still out of the competition the demands from western Europe would continue to sustain prices for farm products, and this expectation has been disappointed. It lets down practically one-half of the industrial organization, and renders it unable to continue purchases of the other half on the same scale, without a readjustment of the basis on which the exchanges are made.

The farmer has suffered not only a great direct loss of purchasing power, but a shock which will affect his mental attitude toward expenditures for some time. He has debts to pay, more debts than at any previous time, judging by the volume of bank loans, and it will take a great many more products to pay them than it would have taken a year ago or three months ago. It is not to be expected that he will be the free spender in the near future that he has been during the last year.

### TRANSPORTATION

A very encouraging view of the railroad situation is taken by the National City Bank of Chicago, which states:

The railroads are making splendid headway and in the week ending October 23

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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

showed 1,010,961 cars loaded with commercial freight, this being nearly 34,000 cars greater than those moved in the corresponding week of 1919 and nearly 91,000 cars greater than those reported in the same week of 1918. It is believed that the record of passenger mileage made last year will be exceeded by the showing for 1920, and that the effort to lengthen the daily journey of the average freight car will be highly successful. From the more efficient use of the equipment already on hand, it is believed that the railroads have gained facilities equal to those provided by 400,000 or 500,000 new freight cars. The roads are handling a large volume of business much more expeditiously than formerly. There is now no freight blockade and while conditions are not the same on all roads, there has been much better service provided to the shipping and the traveling public by many large systems. The outlook for the railroads is highly reassuring and there is reason to believe that increased efficiency and larger profits will be the story of 1920. The foundation has been laid for much better business next year, when the railroads will be in possession of an immense quantity of new equipment and facilities enabling them to render a much faster freight service. A vast amount of financing will be called for in connection with these improvements, and with anything like normal conditions prevailing in the investment markets, the probability is that the roads will be abundantly supplied with new capital. As soon as the necessary funds can be supplied, the roads will have to obtain better terminal facilities at many points where there is much more business than they are able to handle at this time.

The National Bank of Commerce in New York thinks that motor transpor-

tation now occupies an assured place among American systems for the carriage of freight and passengers, and says in the December number of its magazine, *Commerce Monthly*:

"Trucks are still carrying a considerable amount of freight which formerly went by rail," says *Commerce Monthly*, "and it is probable that they will take more of this business in the future; but it is no longer to be feared that the railroads will be injured by this diversion of traffic. As the railroads adapt themselves to the increased post-war traffic, the use of motor trucks will be confined to the field in which their superiority can be demonstrated. Manufacturers who make deliveries by both truck and rail find that beyond a certain limit of distance the advantage of the railroad is decisive. This limit is proportionate to the railway terminal costs of the locality. In a region of very high terminal costs, it has been estimated at about 125 miles. With the exception of shipments of goods for unusually fast delivery, it does not pay to ship by truck beyond this distance, when railroad operation is normal. On the other hand, for shipments of fifty miles or less the advantage is all with the truck, except for the heaviest type of loose freight, and the recent railroad rate increases will accentuate this advantage."

## THE FEDERAL FARM LOAN ACT

The president of the Farm Mortgage Bankers Association, J. E. Maxwell, in his annual address had the following to say about the Federal Farm Loan Act:

During the first three years of existence the Federal Land Banks had made 125,000 loans, aggregating approximately \$346,616,041. This means that the benefits of this

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Act, if any, have been extended to but one out of each 879 of the population. One farmer out of each fifty-six, or less than two per cent. of the farm owners, have patronized these banks.

It was intended that this Act should be an aid to the farmer, who had not heretofore been able to secure credit, or who had not been able to secure credit at low rates.

Reports of the Federal Land Banks clearly show, however, that the majority of the small farmers have received no benefits whatever, for by far the larger per cent. of loans have been made to farmers worth \$5,000 or more. Also, a very large proportion of the loans made have been made for the purpose of refunding other mortgages, or for expanding the operations of prosperous land owners, enabling them to buy out their neighbors and retire them from farming.

Compared with the total number of farmers, the number of those who have received direct benefit has been exceedingly small, and those that have been benefited most are those that need it the least.

## FIVE CONSTRUCTIVE SUGGESTIONS

Julius H. Barnes, formerly wheat director and president of the United States Grain Corporation, in an address recently delivered in Chicago, made five suggestions for improving the marketing of American agricultural products:

First: Exact and accurate information on all phases that affect marketing and price, both national and world-wide, verified and endorsed by an organization or agency in whose judgment and care the producer has confidence.

Second: Improvement in transportation facilities which maintain ready marketing opportunity and reduction of transportation costs wherever possible between farm and ultimate market. Under this I would emphasize the great service possible by such projects as the St. Lawrence ocean waterway and the broader question of railroad transportation with its phases of adequate car supply and fair rate relation.

Third: Development of home consumption as far and as fast as possible, making

our crops less dependent on foreign markets made by overseas competition. With the per capita consumption of wheat in France, for instance, at nine bushels and in the United States at six, we have a possible field of home consumptive expanse which would benefit our people in both health and living costs.

Fourth: Developing and understanding and appreciation of the great exchanges and co-operation with them in developing their full service and eliminating their defects and abuses.

Fifth: If by these various steps the position of the American producer can be made secure in net price return, and if by cheapening production and distribution costs our country can be maintained as a surplus reducing country, necessarily competing in world markets, but also maintaining American farm life on a proper scale, and in healthful operation, we would reach the ideal American position. That ideal would be that our industrial population may be afforded their foods at the export relation to overseas food costs, and yet this not at the grower's expense. If we are to expand our factory production into overseas trade and preserve in the industrial workers, also, the American standard of living, we must maintain the advantage of the past—that of a plentiful supply of reasonably priced farm products.

#### BANKERS ACCEPTANCES

"Bankers acceptances are becoming more and more valuable as an aid in the financing of our export and import business," says the *Acceptance Bulletin*. "In March, 1919, there were about 350 accepting banks in America. Their accepting power was \$1,027,275,000. They had accepted in the aggregate \$451,265,000. We now have approximately 500 accepting banks, 249 members of the Federal Reserve System, having applied for and acquired the privilege of accepting up to 100 per cent. of their combined capital and surplus. These 249 banks alone have the power of accepting to the extent of \$1,275,860,000. They had acceptances outstanding on June 30 of approximately 40.8 per cent. of this amount. The total of American bankers acceptances outstanding at that time, including those of non-member banks, private banks

and acceptance houses, was approximately \$975,000,000."

#### NINETEEN POINTS FOR THE SALES TAX

Jules S. Bache, of New York, in a recent address gave the following nineteen reasons for favoring a sales tax to take the place of the Excess Profits Tax:

(1) It is a complete change from the present system and meets all the objections to prevailing methods.

(2) It is simple, where the present system is distressingly complicated.

(3) It will produce ample revenue, whereas the taxes now imposed, as profits and income decline, must fall far below amounts required.

(4) Under the Sales Tax, government revenue is based upon something tangible, namely, the expenditures of the people which go on unceasingly and do not vary in hard times or good times to such an extent as seriously to affect the revenue.

(5) It will stop capital from hiding in tax-exempt securities.

(6) It allows the country to save funds for future industrial expansion.

(7) It will restore competition, enterprise and individual initiative, now smothered to death by the pursuit of the tax gatherer.

(8) It will encourage business thrift, stopping the waste of high salaries and extravagances, which can then no longer be charged off against taxes.

(9) Its collection is simple and automatic for both the Government and the taxpayer.

(10) It is fair in its distribution. The one who consumes the most and spends the most pays the most in taxes.

(11) It will not increase the price of commodities beyond an average of 2½ per cent, whereas now taxes increase prices nearly 25 per cent.

(12) Consequently, it will tend to reduce present prices to a marked degree.

(13) It has been in successful operation in the Philippines for years and has proved in every way satisfactory.

(14) It has recently been put into operation in France and is thus far strikingly successful.

(15) Some forms of it are in operation in Canada, and it is so satisfactory that leading interests there are urging that it be adopted as a complete substitute for all other taxes.

(16) It is based on sound democratic prin-

ciples, and by reaching out into new sources of revenue spreads the tax load equitably and in a way most easily borne by all.

(17) As it will be passed along to the consumer, millions of people will pay the tax, but nobody will know it or feel it.

(18) It enables every taxpayer to know his tax liability.

(19) It is surer in its incidence, simpler in its application, more productive in results, more economical in its collection, and less of a burden upon everybody than any other known form of taxation.

#### ATTITUDE OF LABOR

The Guaranty Trust Company of New York has the following to say about the labor situation:

In many sections of the country labor is showing a disposition to contribute to the support of readjusting business to conditions. New England textile workers have accepted reductions in wages rather than see the mills closed. Forty thousand New York truckmen have voted to work an additional hour per day at the same wage. There has been a great improvement in the efficiency of workers, prompted by the desire to forestall wage reductions and to hold jobs against the return of workmen from war industries. This tendency toward lower wages and greater efficiency is being opposed by the American Federation of Labor on the ground that it presages a strengthening of the open shop idea, and an appeal has been sent out to all union workers for contributions to be used for closed shop propaganda. The economic fact with which such propaganda must collide is that there are more men to-day than there are jobs, and that there will be still more men as war-time activities are gradually brought to an end and the full tide of immigration sweeps westward from Europe.

#### INDUSTRIAL EFFICIENCY NEEDED

The need for greater industrial efficiency was emphasized by Roger H. Williams, vice-president of the National Bank of Commerce in New York, in a recent speech in which he said in part:

This question of industrial efficiency is a more important matter than ever before, on account of the international situation. It is primarily on efficiency that we must depend for the protection of our industries against foreign competition. We must be self-reliant and not lean on extra-business

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assistance. For instance, we must not expect too much from the tariff as protection against foreign competition. Frankly, we must recognize the fact that Europe owes us vast sums, and that since we already have the bulk of the world's monetary gold she must ultimately liquidate her debt here by sending us goods and by attracting our investment in her enterprises.

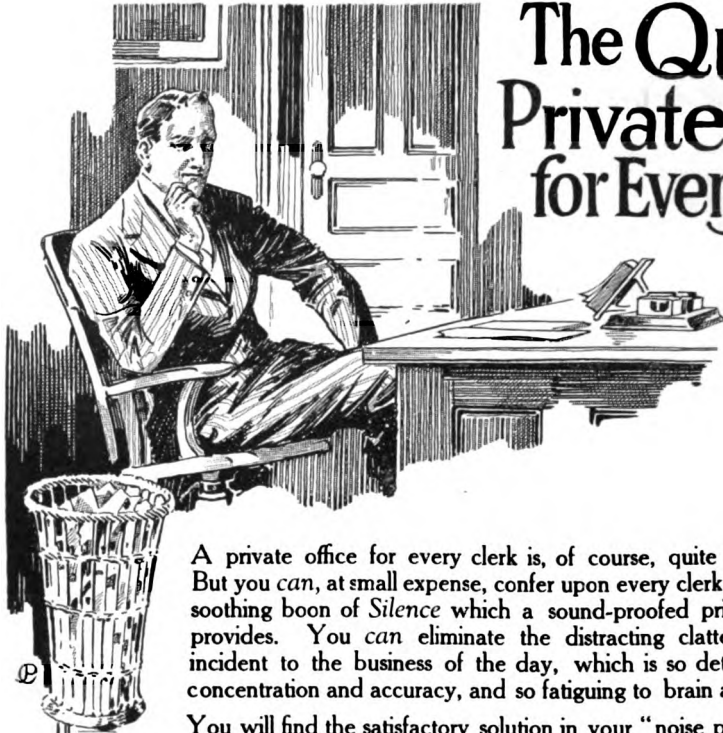
This does not mean that the tariff must be torn down so as to permit the dumping of cheaply produced goods upon our domestic markets. Unrestrained competition from cheap foreign labor and industries would be ruination. But, nevertheless, a tariff wall should not be reared so high as to make it impossible for Europe to liquidate debts here by sending us such goods in such quantities as we have a real economic need for.

#### SCHOOL CHILDREN AS BANK DEPOSITORS

The present school year promises to break all records for the number of school children who have savings accounts in the banks. The American Bankers Association, Savings Bank Division, is now collecting statistics which indicate that not only the number of depositors but the amount on deposit will exceed any year before the years when all savings went into the Federal treasury for war purposes.

Thus, St. Paul school children have a system operated by the State Savings Bank, in which the list of depositors has now passed the 20,000 mark, or about two-thirds of the total school enrollment.

# The Quiet of a Private Office for Every Clerk



A private office for every clerk is, of course, quite impossible. But you *can*, at small expense, confer upon every clerk, the nerve-soothing boon of *Silence* which a sound-proofed private office provides. You *can* eliminate the distracting clatter and din incident to the business of the day, which is so detrimental to concentration and accuracy, and so fatiguing to brain and nerves.

You will find the satisfactory solution in your "noise problem" in

## 'NO-NOIS' REG. U.S. PAT. OFF. TREATMENT

Upon installing it in your ceiling you will immediately find noise reduced 70 to 80%. And the appearance of your bank will be improved rather than damaged.

Considering the fact that efficiency experts have estimated that noise reduces efficiency from 5 to 10%, and nerve specialists assign a large proportion of the neurotic ailments which are now so prevalent to the same cause, it is obvious that No-Nois Treatment, which so effectively removes this handicap to efficiency, is worthy of the consideration of every banking executive.

We will be glad to take this matter up with you in person, or to send you our booklet giving full information.

### JUNIUS H. STONE CORPN.

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# Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland  
and the District of Columbia

## PASSING OF THE NEW YORK SUBTREASURY

Secretary of the Treasury Houston has issued an order discontinuing the New York Subtreasury after December 6, as required by act of Congress, but at the same time in a statement to the press he announced that the building at Wall and Nassau Streets, because of its historic interest, would continue to be known by its old name and would be used to house various treasury offices.

The act which directed the discontinuance of the New York Subtreasury also directed the discontinuance of the subtreasuries at Boston, Philadelphia, Baltimore, New Orleans, St. Louis, San Francisco, Cincinnati and Chicago, and the abolition of the office of Assistant Treasurer of the United States in each of these cities.

In connection with his action concerning the New York Subtreasury building, Secretary Houston issued the following statement:

"The Treasury regards the New York Subtreasury building as a historic public monument which should remain notwithstanding the discontinuance of the New York Subtreasury. With this in mind, the Subtreasury building at New York will continue to be a treasury building, in the custody of the Superintendent of the New York Assay Office, and will still be known as the New York Subtreasury building. As already announced, arrangements have been made to transfer to the mints and assay offices, including particularly the New York Assay Office, and to the Federal Reserve Bank of New York certain of the duties and functions heretofore performed by the New York Subtreasury. Space in the Subtreasury building has been made available for the time being to the Federal Reserve Bank of New York, as fiscal agent of the United States, for the purpose of carrying on exchanges of coin and other business heretofore performed by the Subtreasury."

On this subject the New York "*Times*" said in an editorial:

This is the last day of the New York Subtreasury and the eight other subtreasuries. Secretary Houston has shown a just sense of historical values and the continuity of historical memories. The New York

Subtreasury building is to keep its name and to be used by the Mint and Assay Offices and the Federal Reserve Bank. It is the inheritor of seven generations. The site of it is steeped in the traditions of old New York, Colonial America, federated and early United States.

There till 1812 stood the old City Hall, built when William III was king. At the head of Broad street were those engines of our wise and pious ancestors, the pillory, the stocks, the whipping post. In its court-rooms in 1735 John Peter Zenger was acquitted of libel, a vindication of the freedom of the press that Gouverneur Morris called "the germ of American freedom." The Stamp Act Congress met there in 1765. Twenty years later the building was used as the State Capitol and the meeting place of the Continental Congress. Reconstructed in 1788 by Major l'Enfant, the future designer of Washington, the building took the name of Federal Hall. There the First Congress met and Washington took the oath of office April 30, 1789.

In 1812 Federal Hall made way for the Custom House, which became the Subtreasury in 1862. History is deep there. The Subtreasury building richly deserves to be made a public monument.

## REPORTED PLANS FOR A NEW INVESTMENT BANK

The New York "*Times*" recently had the following to say about the prospects for a new bank for financing transactions in securities:

The formation of a new bank with paid-in capital and surplus amounting to \$50,000,000 is being discussed in certain banking and business circles of the Wall Street district. The plan, which has not advanced beyond a tentative stage, is in the hands of a half dozen men of means who believe that the time is opportune for establishing a bank whose principal function will be the financing of transactions in securities. The bank will make a specialty of call and time loans on securities as collateral.

Martin Vogel, assistant treasurer of the United States, it was learned, has been asked to examine into the possibilities of such a bank, and the sponsors of the plan intend to invite him to be president in case the bank is organized. Mr. Vogel declined to comment on the proposal, except to state that the matter had been brought to his attention. He refrained from naming any of the men who are back of it.

## FEDERAL ESTATE TAX LAW

The Equitable Trust Company of New York has issued a book entitled "Federal Estate Tax Law and Regulations."

This volume contains the full text of the Federal Estate Tax Law which is title four of the Revenue Act of 1918—the Official United States Treasury Department Regu-

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You can have electric daylight on every desk with Emeralite and the new

## Daylight Attachment

which changes ordinary electric light into soft daylight that eliminates all glare and eyestrain.

Better light means better eyes - better work. Emeralites are made in 50 different patterns for desk and machine use.

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Eyes require a light that is correct in quality as well as quantity. Daylight is best for the eyes because Nature makes it perfect in quality and diffusion.

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lation, No. 37 revised—supplementary data of rulings relating to the payment of the estate tax by Liberty Bonds and Victory Notes—and copies of the forms authorized for use in connection with the estate tax.

An effort has been made to present in combined form all available matter relating to returns and collection of the estate tax. The book is of great practical value for reference to those to whom a knowledge of the details required in the administration of estates is essential.

A limited number of the booklets are available for distribution and copies may be had upon request.

## N. Y. RESERVE BANK ELECTS DIRECTORS

Robert H. Treman, of Ithaca, N. Y., has been re-elected a Class A director, and Richard H. Williams, of Madison, N. J., has been re-elected a Class B director of the New York Federal Reserve Bank. Both men will serve for three years, beginning January 1 next.

Hamilton F. Kean, of Kean, Taylor & Co., of New York, who was a nominee for the Class A directorship, received 19 votes against Mr. Treman's 122. Mr. Williams had no opposition, receiving the full 141

votes of the institutions eligible to vote in the election. These institutions constitute Group 2, which is made up of member banks having capital and surplus not exceeding \$1,999,000 and not below \$201,000.

Mr. Treman became a director in 1914, when the Federal Reserve Bank was first organized, and has served continuously since that time. From July 1, 1916, to October 31, 1919, he served also as active Deputy Governor and, during Governor Strong's absence, as acting Governor of the bank. Throughout the war he performed distinguished service, aside from the ordinary duties of his office, in the sale of United States certificates of indebtedness in the Second Federal Reserve District, which led all others both in volume subscribed and wide distribution.

Mr. Treman is president of the Tompkins County National Bank of Ithaca, N. Y.; is a trustee of Cornell University, and is engaged in many business and public enterprises.

Mr. Williams was elected a director of the Federal Reserve Bank of New York on June 1, 1920, to fill an unexpired term, and has been a director a little over six months. He is a senior partner of the firm of Williams & Peters, coal merchants at 1 Broadway, New York, handling the coal business

of the Erie Railroad. He is a director and member of the executive committee of the Equitable Life Assurance Society, a director and member of the finance committee of the Atlantic Mutual Insurance Company, and a director of several other corporations. He resigned last spring as a director of the National Park Bank and the Fulton Trust Company of New York city to be able to qualify as a Class B director of the Federal Reserve Bank.

#### "CABINETS OF THE PRESIDENTS"

Chandler & Company, New York, have issued an interesting booklet which contains the following useful information: The cabinets of the presidents and the speakers of the House of Representatives; presidential electoral votes by states, 1900-1916; special notes on the presidents.

#### THE BANK OF THE MANHATTAN COMPANY

The Bank of the Manhattan Company, New York, had total resources on November 15, 1920, of \$251,310,636.12, and deposits of \$200,819,900.39.

#### GUARANTY COMPANY APPOINTMENTS

William P. Wilson has been appointed an assistant secretary of the Guaranty Company of New York, and John F. Patterson has been appointed sales manager in charge of business with out-of-town dealers.

#### SOME NEWS OF THE A. I. B.

The registrations this year for courses of instruction in banking topics at the New York Chapter of the American Institute of Banking, a section of the American Bankers Association, have reached the highest figures in the history of the chapter. These courses are given in conjunction with Columbia University. The chapter has become one of the largest specialized schools in New York city, a complete three year course of instructions being provided, as well as courses in special banking functions and departmental work. The enrollment of members at the chapter, which has also exceeded previous records, has reached the total of 4,432.

Through its public affairs committee, the New York chapter is spreading the gospel of thrift and a knowledge of banking functions through addresses delivered before branches of the Y. M. C. A. and the continuation schools in New York. This work

## Resources

**\$19,000,000.00**

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business**



**for Direct Service**

**Try Us**

**and you will be entirely  
satisfied**

**A. D. BISSELL, Chmn. of Board**

**HOWARD BISSELL, President**

**C. R. HUNTLEY, Vice-Pres.**

**E. H. HUTCHINSON, Vice-Pres.**

**E. J. NEWELL, Vice-Pres.**

**C. G. FEIL, Cashier**

**A. J. ALLARD, Asst. Cashier**

**G. H. BANGERT, Asst. Cashier**

**GEO. ULRICH, Asst. Cashier**

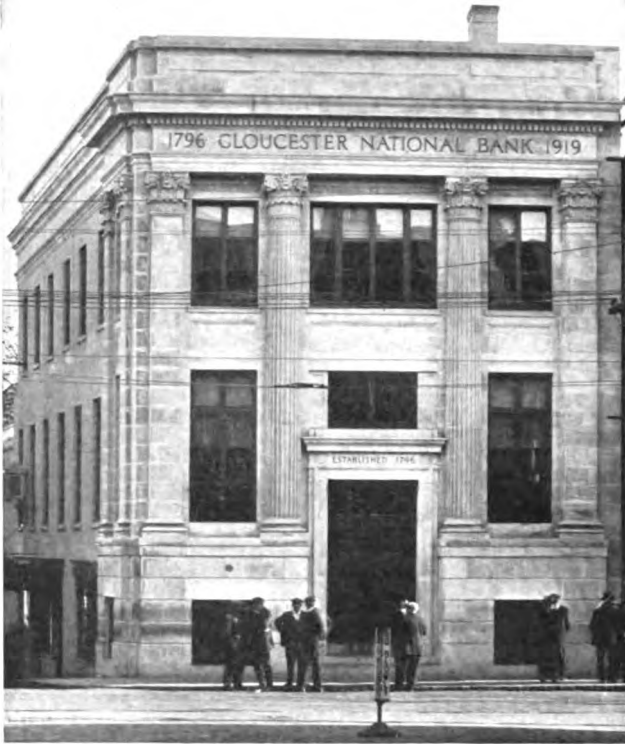
**C. H. FITCH, Asst. Cashier**

**W. G. WILCOX, Auditor**

#### *Trust Department*

**CHAS. W. GARY, Trust Officer**

**Member Federal Reserve System**



ALTHOUGH this old New England Bank dates back to the end of the 18th century, its building has been remodeled and brought up to date in all respects,—an excellent example of what can be done with expert planning and construction.

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

511 Blackstone Building, Cleveland, Ohio

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Directly upon sensitized paper  
At a possible speed of one copy per minute  
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**COMMERCIAL CAMERA COMPANY, ROCHESTER, N. Y.**

Chicago, New York City, Philadelphia, Providence, San Francisco, Washington.

has been commended from several sources. Members of the chapter are in great demand as speakers at public gatherings.

The Bankers Forum, associated with the Trust Company and Savings Bank Forums of the chapter, will give its eighth annual dinner in honor of the newly elected president of the American Bankers Association, Mr. John S. Drum, president of the Mercantile National Bank, San Francisco, at the Hotel Pennsylvania, Saturday evening, December 18th. The dinner, which has proved an exceedingly popular one in previous years, will be attended by many New York bank men and out-of-town friends of the chapter.

The Bankers Forum, Trust Company Forum, and Savings Bank Forum, are conducting a well defined series of addresses by prominent bankers and business men on subjects relating to banking, as part of the educational work of the chapter. The work of these forums is attracting increased attention from bank officers who have contributed their time and support toward their success. The "Forums" occupy an important place in the educational program provided by the chapter for bank employees.

### BELGIAN HONORS FOR GUARANTY OFFICERS

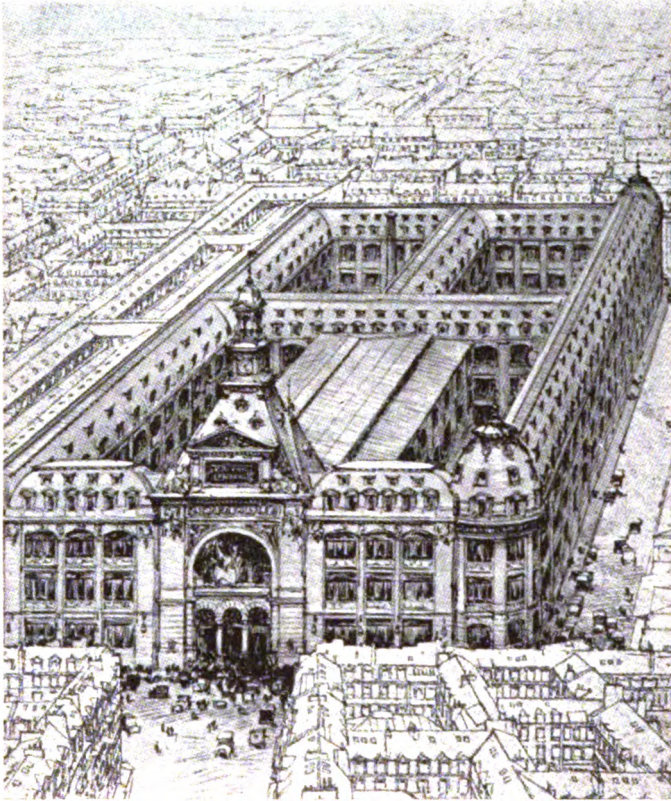
Cablegrams announcing their decoration by King Albert of Belgium were received recently by Charles H. Sabin, president, and Albert Breton, Harold Stanley, Joseph R. Swan, and Francis H. Sisson, vice-presidents, of the Guaranty Trust Company of New York. Mr. Sabin is made a Commander of the Order of the Crown; Mr. Breton, a Chevalier of the Order of Leopold, and Messrs. Stanley, Swan and Sisson, Chevaliers of the Order of the Crown.

### FRED I. KENT

At a recent meeting of the board of directors of Asia Banking Corporation, Fred I. Kent, vice-president, Bankers Trust Company, was elected a director and member of the executive committee of Asia Banking Corporation, to succeed John F. Schmidt, resigned.

### GEORGE E. BARSTOW, JR., HEADS NEW FIRM

George E. Barstow, Jr., H. G. Conkling, and Seth S. Spencer, Jr., have formed a co-partnership under the firm name of Bars-



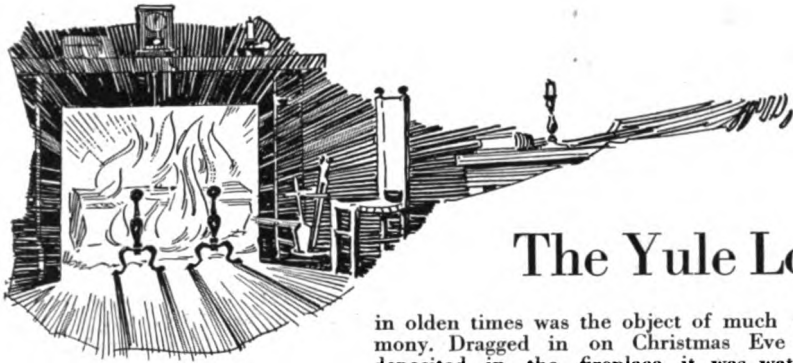
Paris office, Comptoir National d'Escompte de Paris, one of the world's most beautiful bank buildings

tow & Company, at 18 Exchange Place, New York. Mr. Barstow is a member of the New York Stock Exchange, for nine years was manager of the bond department of Potter, Choate & Prentice, and for the last five years was a partner in Kean, Taylor & Company. Mr. Conkling was formerly bond manager of Kean, Taylor & Company, and Mr. Spencer was resident partner in New York of O'Brain, Potter & Company. The new firm will deal in bonds for investment and transact a general brokerage business.

#### FRENCH BANK INCREASES CAPITAL

The New York representative of the Comptoir National d'Escompte de Paris, Paul Duran, reports that this bank has recently increased its capital from 200,000,000 francs to 250,000,000 francs. The balance sheet as of September 30, 1920, follows:

ASSETS	
Cash on hand .....	Fr 322,823,082.75
Correspondents .....	189,794,662.89
Current accounts .....	532,356,216.47
Bills receivable & warrants	2,670,656,946.04
Short loans on stocks and bonds .....	4,037,464.05
Other advances (guarant'd)	200,775,441.92
Investments in French rentes, etc. ....	6,307,530.00
Exchange contracts (guaranteed) .....	115,856,640.25
Acceptances for account of clients .....	86,523,974.86
Sundries .....	75,632,863.99
Bank premises .....	15,000,000.00
Shareholders (amounts to be received) .....	17,962,000.00
	Fr 4,237,726,823.22
LIABILITIES	
Capital .....	Fr 250,000,000.00
Surplus fund .....	67,037,262.53
Deposit & current accounts	3,506,496,965.63
Fixed deposits .....	23,799,800.00
Acceptances .....	87,614,593.51
Exchange contracts (guaranteed) .....	115,856,640.25
Foreign agencies .....	3,546,406.59
Sundries .....	183,375,154.71
	Fr 4,237,726,823.22



**TO COLLINS CLIENTS,  
PRESENT AND TO BE,  
WE WISH A VERY  
MERRY CHRISTMAS.**

## The Yule Log

in olden times was the object of much ceremony. Dragged in on Christmas Eve and deposited in the fireplace, it was watched carefully by those who sat around the hearth; for it was believed that good luck attended the household whose log burned brightly all through the night.

We believe—we know—that not only good luck but good business attends the financial institution that keeps the fires of friendship burning brightly all the year 'round. Our methods help one bank in a town to keep them so.

**The Collins Service**  
PHILADELPHIA      PENNSYLVANIA

### GUARANTY TRUST COMPANY RESOURCES

Total resources of the Guaranty Trust Company of New York on November 15, 1920, were \$904,069,638.08, and deposits were \$614,788,091.66.

### CARL V. BURGER JOINS E. B. WILSON, INC.

Carl V. Burger, who organized and directed the A. E. F. School of Painting in Beaune, France, has joined the Edwin Bird Wilson, Inc., Advertising Agency, which has offices in New York and Chicago. Mr. Burger will assist Robert Ball, art director.

For three years before the war, Mr. Burger was on the art staff of the Boston Post, drawing sport and political cartoons and doing illustrating for the Sunday edition. He is a graduate of Cornell University in architecture, with the class of 1912 and while in school, was art editor of the Cornell Widow and the Cornelian. Later he taught drawing and painting in the University of Illinois.

Since the war Mr. Burger has been doing commercial art work in various capacities.

The illustrations in "The History of the Inter-Allied Games," a book published by the army in Paris and given wide circulation, were made under Mr. Burger's direction.

Edwin Bird Wilson, Inc., specializes in financial advertising.

### A. B. WESTERVELT

A. B. Westervelt, for several years connected with Harvey, Fisk & Sons, has been elected vice-president of the American Trust Company of New York, effective December 1.

### CHEMICAL NATIONAL BANK

The Chemical National Bank, New York, had total resources on November 15 of \$185,377,425.98, and deposits of \$126,873,049.36.

### BANK AND OFFICE BUILDINGS

Hogson Brothers of New York have issued a very attractive folder containing artistic sketches of some of the banking buildings erected by them. These are: the Second National Bank, New Haven, Conn.; the First-Bridgeport National Bank, Bridge-

## Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,  
Djorup & McArdle**  
42 Broadway, New York

port, Conn.; the Third National Bank, Springfield, Mass.

### "TRUST COMPANIES OF THE UNITED STATES"

The 1920 edition of "Trust Companies of the United States" is now being distributed by the United States Mortgage and Trust Company of New York. This book which is compiled and published annually by the United States Mortgage and Trust Company contains a complete list of all of the trust companies in the United States with their statements of condition on June 30, 1920; the names of officers and directors; stock quotations; dividend rates and other statistics. According to this book, the total assets of all of the trust companies in the country on June 30 was \$12,451,877,583.58, as compared with \$11,150,446,087.53 on the corresponding date in 1919. An interesting feature of the book is the digest of state banking regulations affecting trust companies.

President John W. Platten, of the United

States Mortgage and Trust Company, in reviewing the year's record, said:

"The fiscal year covered by this edition has again witnessed a marked progressive tendency within the ranks of these institutions.

"Not only has there been a handsome growth both individually and collectively, but the scope of usefulness of the trust companies is being constantly widened and presages an even more assured recognition than formerly of their value as an integral part of our financial system.

"These figures, when viewed comparatively, testify to the splendid position now occupied by trust companies and furnish eloquent proof that their broad service is being increasingly availed of by the multitude of individuals and corporations whose special needs they so admirably meet.

"The total resources of the 2,241 trust companies reporting show the impressive total of over twelve billions four hundred and fifty-one millions, an increase of a billion three hundred millions over last year's figures, and six billions one hundred millions greater than five years ago. In total resources New York State leads with three billions six hundred millions or 28 per cent. of the trust company resources of the country."

### LOANS ON MORTGAGE

In a recent advertisement the North Side Savings Bank, which is located in the Bronx district of New York City, reports that it has loaned on mortgage since January 1, 1920, and to October 23, \$1,143,000. This fact was stated in answer to a complaint that savings banks in general were not loaning on mortgage.

### SEABOARD BANK BUYS BUILDING

The Seaboard National Bank of New York has purchased the four-story building located at 74 Broad Street which is diagonally opposite the bank's new ten-story home, now building at the northeast corner of Broad and Beaver Streets. It is understood the bank will use this building for the storage of books and records. It is assessed by the city for taxation purposes at about \$190,000.

### "A BANK CATECHISM"

The Guaranty Trust Company of New York has just issued "A Bank Catechism," a booklet which presents in question and answer form the general fundamental prin-



ciples of banking without attempting to cover all of the technical ramifications. The material is set forth in lucid, elementary style, making the booklet of especial value to those unfamiliar with the details of banking.

#### FIFTH AVE. BANK APPOINTMENTS

At a meeting of the board of directors of the Fifth Avenue Bank of New York, held on December 8, 1920, George A. Way and Royal A. Meixell were appointed assistant cashiers.

#### GUARANTY TRUST COMPANY TO ENLARGE CAPITAL

It was reported on December 10 that the Guaranty Trust Company of New York would enlarge its capital from \$25,000,000 to \$40,000,000 after the first of the year.

#### CHARLES E. BERTHOUD

Charles E. Berthoud, for fifteen years manager of the foreign exchange department of the Chase National Bank, has been appointed manager of the foreign exchange department of the Banque Industrielle de Chine.

#### FIRST NATIONAL OF PHILADELPHIA APPOINTMENTS

The following changes have been made in the official staff of the First National Bank of Philadelphia, Pa., effective November 18:

Thos. W. Andrew, cashier, has been elected vice-president; Chas. H. James, assistant cashier, has been elected vice-president; Carl H. Chaffee, assistant cashier, has been elected cashier, and the following have been appointed assistant cashiers: Laurence H. Sanford, Robert E. Aldrich, and T. Scott Root.

Thos. W. Andrew, vice-president, gained his early banking experience in the First National Bank, Austin, Minnesota, from which place he went to the National Exchange Bank of Boston, was elected cashier of the Traders National Bank of Boston 1890, and had twenty years' active banking experience in that city before coming to the Merchants National Bank of Philadelphia, October 30, 1899. He was made assistant cashier July, 1902, and cashier, January, 1907. He has been cashier of the First National Bank since the merger of the Merchants National Bank with the First National Bank on July 2, 1910.

Chas. H. James, vice-president, is a native Philadelphian and entered the First Na-



**THIS BANK** offers complete facilities for the transaction of every kind of banking business.

*Collections made promptly and on favorable terms on every part of the world*

**Foreign Exchange Bought and Sold**

**Commercial and Travelers' Letters of Credit**

*Correspondence and inquiries invited*

**Capital - \$3,000,000**  
**Surplus and Profits - 8,000,000**

**E. F. SHANBACKER**  
*President*

*The*  
**FOURTH STREET**  
**NATIONAL BANK**  
**Philadelphia**

# Equipped for Service



**L**OCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions

## Union National Bank PHILADELPHIA

Resources over . . . . \$25,000,000

tional Bank July 20, 1885. He was elected assistant cashier April 2, 1892.

Carl H. Chaffee, cashier, is a native of Norwich, New York, and entered the First National Bank August 14, 1911, as secretary to Wm. A. Law. He was made assistant cashier December, 1916. He has been prominently identified with the Philadelphia Chapter, American Institute of Banking, and is an ex-president of the chapter. He has also been prominently identified with the Institute nationally, having served on a number of the most important committees.

Laurence H. Sanford, assistant cashier, entered the First National Bank January 2, 1919. He is a graduate of Dwight School,

New York, and Princeton University, Class of 1915. He spent several years in the commercial paper business with E. Naumburg & Co., and during the war served in the Artillery Division of the U. S. Army.

R. E. Aldrich, assistant cashier, is a native Philadelphian, graduated from the Central High School of Philadelphia and entered the First National Bank March 18, 1909.

T. Scott Root, assistant cashier, is a native Philadelphian, graduated from Central High School of Philadelphia in 1899 and gained his early banking experience through his connection with the Merchants National Bank of Philadelphia, dating from October 10, 1893, and has continued with the First National Bank since the merger of the Merchants National Bank with the First National Bank July 2, 1910.

<b>Citizens' National Bank</b>	
(Chartered 1890)	
ENGLEWOOD, N. J.	
Capital	\$50,000.00
Surplus and Undivided	
Profits	163,720.00
Deposits	1,978,270.00
Albert I. Drayton, Pres.	
E. S. Campbell, Vice-Pres.	
J. B. Lewis, Cashier.	
Collections solicited. Remittance on day of payment at lowest rates. Send us your business.	

### TAKING AND VALUATION OF INVENTORIES

The Union National Bank of Philadelphia has published for the benefit of its clients a complete *resumé* of the government rulings with regard to the taking and valuation of inventories for income tax returns.

**New England States**

**THE  
FIRST NATIONAL BANK  
of Boston**

**Capital, Surplus and Profits  
\$37,500,000**

**Deposits  
\$181,500,000**

**Resources  
\$264,000,000**

*Make it your New England correspondent*



## Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

### The Merchants National Bank of Boston

#### ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THE most striking feature of the business situation in New England is the absolute soundness of the banking condition. With the upset in the great wool, leather and shoe trades, New England banks have had a complicated situation to deal with, and they have dealt with it sanely, soundly and successfully. The credit situation has been so handled as to minimize the strain on essential lines of business, and so as to eliminate all speculative activity.

As in other parts of the country, business mortality in New England has shown a sharp increase over the corresponding period of last year, but when the situation is analyzed in cold blood it becomes evident that these failures are for the most part the elimination of weak spots, and they can have no widespread influence,—nor do they seem to indicate any special strain in any particular locality or line of business.

All through the lists of commodities there have been sharp reductions in prices, but so far these have been more prominent in

wholesale lines than in retail. The wholesalers—in hides, leather, wool, etc.,—have for the most part cut prices sharply, taking their losses on this year's inventory. Retailers are holding off,—many of them hoping that the holiday rush will absorb the high-priced goods. At this writing it is impossible to say how successful this effort may be. There is no question but that unemployment, particularly in the mill cities and towns, has cut sharply into the buying power of the people of those districts, while the great so-called middle class of buyers are inclined to keep their purchases down to the minimum, in the hope of lower retail prices. Until retail prices drop to somewhere near the same relative level of wholesale prices, little progress can be made in gauging the buying power of the public as a basis for placing orders for future deliveries.

Transportation conditions have improved materially as far as deliveries are concerned, but the carriers are complaining bitterly of the lack of business, and the railroads are shortening forces materially. The financial condition and outlook of the railroads of New England bid fair, at last, to receive the attention deserved. There is no question but that speedy action is necessary.

Money rates are still high—ruling around 7 per cent. and over, but it is the opinion of bankers that rates will be lower early in the coming year. The supply of loanable funds is on the increase. Mortgage money is fairly plentiful, and while the demand for it is nowhere near as brisk as it was a few months ago, there is still an active call for money for financing purchases of

#### Park Trust Company

Park Building, 511 Main Street  
WORCESTER, MASS.

Capital .....\$300,000  
Surplus and Earnings..... 170,530  
Ralph H. Mann, President  
J. Lewis Ellsworth, Vice-Pres. and Treas.  
George E. Duffy, Vice-President.  
Frederick J. Bye, Assistant Treasurer.  
Send us your Massachusetts collections.

**WEBSTER  
AND  
ATLAS  
NATIONAL BANK  
OF BOSTON**

**For  
Boston Notes  
and Drafts**

We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

**Credit Service**

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

**A Strong Bank of Dependable Service**

Established 1833

<b>Capital, Surplus and Profits</b>	. . .	<b>\$2,700,000</b>
<b>Average Deposits, about</b>	. . .	<b>12,000,000</b>

*Chairman of the Board*  
**AMORY ELIOT**

*President*  
**RAYMOND B. COX**  
*Vice-President and Cashier*  
**JOSEPH L. FOSTER**

*Vice-President*  
**EDWARD M. HOWLAND**

home properties. The rush of activity in the real estate market is subsiding, and the building industry is decidedly quiet. The prices of building materials have dropped sharply but building labor is still too high, and many building projects are being indefinitely postponed. New England has a pressing need of thousands of small houses and tenements, but with wages in many lines falling to the point where tenants cannot afford to pay high rents, there is little attraction for capital in building operations while building labor remains so high.



**BOSTON BANK PRESENTS PICTURE  
FILM**

The initial exhibition of a film depicting conditions in the Argentine was shown in Boston recently by Robert J. Hanglin of the staff of the Argentine branch of the First National Bank of Boston. The exhibition was for the exclusive scrutiny of the officers, directors and staff of the home office of the bank.

A few years ago the First National Bank opened a branch office in Buenos Aires. Its officers, and particularly Daniel G. Wing, president, saw great possibilities in that country, and to show to the business people of this country what awaits them in regard to business in that South American country, the bank had Mr. Hanglin prepare a five-reel film showing the port works and the most important manufacturing establishments as one travels into the interior.

The picture, which is entitled "One Hour in the Argentine," is now at the disposal of chambers of commerce, business organizations, men's clubs and other organizations interested in the development of friendly business and trade relations between this country and Argentina. C. F. Weed, vice-president of the bank, announces that such organizations as may be interested in having the film shown at their quarters may make application to the bank and the film will be furnished along with Mr. Hanglin to give a brief talk on the subject matter. Mr. Weed also says there is a possibility of that same film being shown in the Boston public schools.



The First National Bank, Crowley, La.  
Built by Underwood

## New Buildings for Old Banks

Bank building is our business.  
The building of new buildings outright.  
Or the remodelling of old buildings, to make them right.

By right, we mean those things which give a bank that modern look which is so generally recognized as an asset in meeting competition.

Likewise, that interior arrangement and equipment which best combine *convenience to customers and efficiency of employees*. It is astonishing how little things which have not been carefully *thought out*, and *thought through*, will cause both customer resistance and efficiency reduction.

Mr. Underwood has personally directed and supervised the planning and building of some of the largest; as well as some of the smallest banks in the country. Each in proportion to its needs, has been modern in every sense of the word. His "pay-as-you-go" form of contract, is as unique as it has proven economical.

Allow us to present figure facts.



*Underwood Contracting Corporation*

New Orleans, La.

# Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

## ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

**F**OREIGN trade has more and more occupied the attention of the South as the domestic situation became more strained. This is partly due to coincidence, and partly to the fact that the South is becoming more foreign-trade minded.

Early in November, the Federal International Banking Company was organized under the Edge law in New Orleans by Southern bankers to carry foreign business in the great staples of the region—cotton, rice, lumber, and other products.

Its authorized capitalization is \$6,000,000, of which New Orleans bankers are underwriting \$1,000,000 and the bankers of the other states the rest. The shares were offered to exporters, importers, wholesale dealers and others interested in increasing foreign trade, and at the present writing most of the authorized issue has been contracted for. By the time this appears in print, all will probably be covered. Provision is made to increase the issue to \$10,000,000, which will mean a possible credit of \$60,000,000, because of the re-discount privilege.

Banking assistance is essential to the development of foreign trade, especially in Latin America, where business is largely a banking proposition. The interest that has been displayed in this new bank is taken as a happy augury by those who have been preaching foreign trade to deaf ears for lo, these many years.

Richard Barrows, special commissioner of the government of Chile, has visited New Orleans and other principal centers in the South, describing the financial, commercial and economic resources of that country, and its desire to attract American capital and develop a huge interchange with the United States, particularly the South, whose ports are several hundreds of miles nearer to it than the eastern ports, and from which a cheap water haul is supplied to a vast region of consuming and producing territory. He has supplemented his word pictures with motion pictures of Chile, and

the propaganda has made a profound impression. He has not confined his talks to commercial bodies, but has been preaching the gospel of internationalism, which is of course founded upon trade, to popular audiences as well. A great many Americans still believe that Chile is inhabited by savages, with feathers instead of clothes; they believe the same about the rest of Latin America, for that matter. Even in business circles, Mr. Barrows' talks have been in the nature of a revelation.

At about the same time, a special commissioner from the American Chamber of Commerce in Mexico City—William Pears—was going through the South, seeking to promote the exchange of educational opportunities between Mexico and the United



*The DeLoach*  
Our First President

## Merchants National Bank

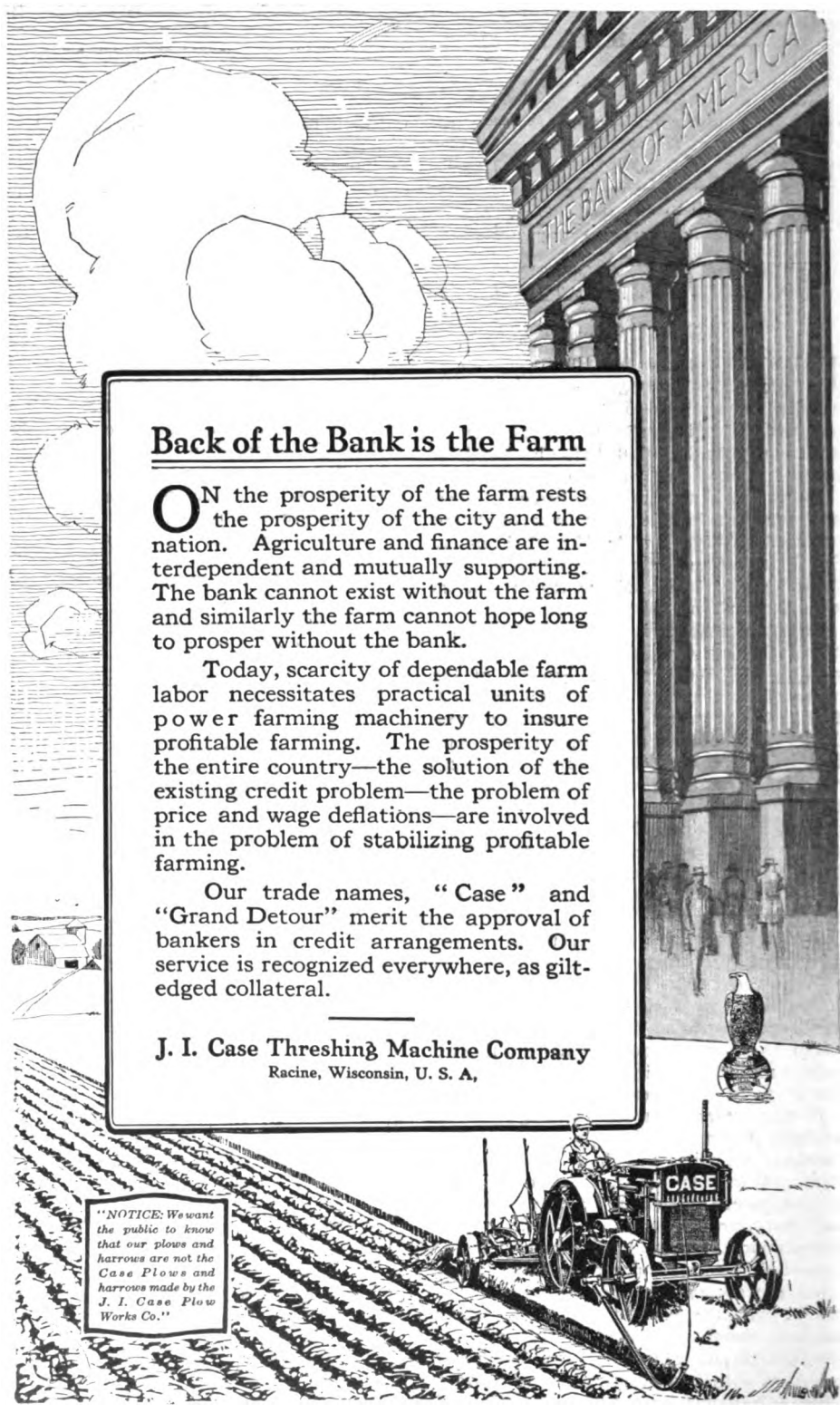
RICHMOND, VA.

Capital . . . . \$400,000  
Surplus and Profits over 1,825,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**



## Back of the Bank is the Farm

**O**N the prosperity of the farm rests the prosperity of the city and the nation. Agriculture and finance are interdependent and mutually supporting. The bank cannot exist without the farm and similarly the farm cannot hope long to prosper without the bank.

Today, scarcity of dependable farm labor necessitates practical units of power farming machinery to insure profitable farming. The prosperity of the entire country—the solution of the existing credit problem—the problem of price and wage deflations—are involved in the problem of stabilizing profitable farming.

Our trade names, "Case" and "Grand Detour" merit the approval of bankers in credit arrangements. Our service is recognized everywhere, as gilt-edged collateral.

**J. I. Case Threshing Machine Company**  
Racine, Wisconsin, U. S. A.

"NOTICE: We want the public to know that our plows and harrows are not the Case Plows and harrows made by the J. I. Case Plow Works Co."



# First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . . \$3,500,000  
Resources . . . . . 38,000,000

#### OFFICERS

JOHN M. MILLER, Jr. . . . . President  
C. R. BURNETT . . . . . Vice-President  
ALEX. F. RYLAND . . . . . Vice-President  
S. P. RYLAND . . . . . Vice-President  
S. E. BATES, Jr. . . . . Vice-President  
JAMES M. BALL, Jr. . . . . Cashier  
THOS. W. PURCELL . . . . . Trust Officer

**ALWAYS** a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

States for deserving young men, in college and university commercial and technical courses, and in apprenticeships in factories and business houses in the United States. The plan is for the educational centers of the United States to offer a certain number of scholarships to Mexicans planning to enter commercial life but unable to meet the expenses of an education in the United States; and for industries and business houses desiring native representation in Mexico, to do the "big brother" act and give them part-time employment, which besides enabling the students to maintain themselves, will train them in the business they may be developed to represent.

He reports a most flattering reception of the idea. Big business of the South that is looking to foreign development realizes it can get the best results through native representatives; the trouble has been to get men who are acquainted with American business. They see in this the opportunity to develop exactly the talent they need. A number of colleges have offered scholarships, a number of business enterprises have promised their co-operation. Mr. Peairs says that the Mexican educational institutions have about completed their plans for receiving American students.

President-elect Harding's visit to the South, too, has a foreign trade angle. His sailing from New Orleans focussed the attention of the nation on this port and its claims as the "logical point" for handling the commercial interchange with Latin America. When he was in New Orleans, he spoke on lines that clearly indicated this realization was in his mind. He emphasized the need for developing foreign trade, and in a parting interview, told the business

## Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital . . . . . 1,000,000  
Surplus and Profits . . . . 1,000,000  
Resources . . . . . 15,000,000

E. H. Pringle, Pres.  
E. H. Pringle, Jr., Vice-Pres.  
R. S. Small, Vice-Pres.  
A. R. LaCoste, Vice-Pres.  
G. W. Walker, Cashier.  
J. H. Lucas, Assistant Cashier.  
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections. Drafts on Charleston drawn with exchange remitted without charge.

# All the Modern Languages

Con conversationally taught by native instructors, thus assuring correct pronunciation and accent.

With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

Branches in over 300 leading cities in America, Europe and Africa. Pupils traveling may transfer the value of their lessons from one city to another without additional cost.

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men to "go ahead" and not to "slacken their efforts." His confidence in the future had considerable weight on the economic situation. He was received with tremendous ovations everywhere. The huge vote the South gave him indicates the confidence the South feels in a man of his conservative policies; and where he was seen in the South, this feeling was intensified.

Prices have fallen off the shelf, so to speak. The situation is more or less the same in the South in this respect as in other parts of the country. Cotton, sugar, rice and lumber are down to the cost of production, or maybe a little lower. And there is not much of a market at that.

In certain sections there have been "night riding" attempts to keep prices up, but

they have not had any effect on the situation. The general impression is that as soon as certain interests are reconciled to take this year's losses, the situation will become easier. It will be stabilized, and prices will reach their proper adjustment.

"I consider that the only thing necessary for the proper readjustment of our financial situation is patience on the part of the creditor, and firm and unstinting determination on the part of the debtor to reduce his obligations by the conversion of his assets as rapidly as this can be done," said a prominent banker, expressing the general consensus of opinion of financial circles.

"I would therefore suggest that the merchants urge upon the farmer the most economical gathering of his crops and the sale of same as the markets will absorb it, thus giving him time to meet his obligations, but at the same time have him understand that these obligations must be met, and that in making the next crop he may have in mind the raising of sufficient food-stuffs for his family and livestock, and thus avoid a large cash expenditure which must be made out of his money crop. The banker should assume the same attitude, and grant short time renewals, but exact some reduction with each renewal.

### W. R. Rison Banking Co.

HUNTSVILLE, ALA.

Capital .....\$100,000

Surplus and Undivided Prof-

its ..... 165,520

A. L. Rison, Pres.

Harry M. Rhett, Cash.

Collections will receive prompt attention  
and be remitted for on day of payment.  
Established 1866.

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

"If this course is pursued, I believe we shall have no unusual disturbance, and that within four months time we shall have practically wiped out the surplus of credits which has been prevalent for the past year, with resulting benefits to the soundness of our economic situation."



### BANKS AND SOUTHERN AGRICULTURE

The address which Oliver J. Sands, president of the American National Bank of Richmond, recently delivered on "The Bank's Part in Developing Southern Agriculture," has been printed in pamphlet form.

### THE INVESTMENT VALUE OF THE BANKERS ACCEPTANCE

In order to still further popularize the bankers acceptance as a short-term investment, particularly in the South, the Hibernia Securities Company, Inc., of New Orleans, is distributing to banks, corporations, and individual investors a booklet, entitled "The Investment Value of the Bankers Acceptance" recently written by the secretary of the company, G. L. Woolley.

Investment houses and others who may be interested in this subject can secure copies of the booklet by application to the Hibernia Securities Company, Inc., of New Orleans, or to the New York office of the company, 44 Pine Street.

### Opelousas National Bank

OPELOUSAS, LA.

Capital ..... \$50,000  
 Surplus and Undivided Prof-  
 its ..... 106,300  
 E. B. Dubuisson, Pres.  
 C. L. Dupre, Vice-Pres.  
 Chas. F. Boagni, Vice-Pres.  
 A. Leon Dupre, Cashier.  
 M. J. Pulford, Assistant Cashier.  
 Charter No. 6920. Began business October  
 1, 1903. Collections solicited.

### Atlanta National Bank

ATLANTA, GA.

The oldest National Bank in the  
 Cotton States

Capital ..... \$1,000,000  
 Surplus and Profits ..... 1,500,000  
 Deposits ..... 24,000,000  
 Robt. F. Maddox, Pres.  
 F. E. Block, Vice-Pres.  
 Jas. S. Floyd, Vice-Pres.  
 Geo. R. Donovan, Vice-Pres.  
 T. J. Peoples, Vice-Pres.  
 J. S. Kennedy, Cashier.

1865



1920

ESTABLISHED OVER HALF CENTURY

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IN THE

## Latest Fashions

Embracing the very latest foreign models, together with many beautiful and original styles by our own designers, may now be seen in our show-rooms.

ALL THE

## Richest and Choicest Furs

Every article of our manufacture satisfies the eye with the quality of style, an element of the utmost importance to those who desire an air of distinction in their attire.

Our stock includes every desirable fur, not only the costliest, but those of moderate price, equally stylish and fashionable.

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MEN'S FUR AND FUR LINED COATS  
CLOTH COATS WITH FUR COLLARS

# C. C. SHAYNE & CO.

Manufacturers of

STRICTLY RELIABLE FURS

126 West 42nd Street

New York

# Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,  
Iowa and Missouri.

## ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

**T**HE movement among farmers of the West to withhold products from market is retarding financial readjustment in this section and protracting the period of money stringency beyond expectations. A disproportionate amount of available credit is being absorbed by the producers of grain in this region, as is the case with the growers of wool and live-stock in the intermountain states and of cotton in the South. The result is that while further progress has been made in the last month with liquidation in general commercial lines, bringing about a moderate reduction of loans, the slack has been more than taken up by the demands for funds from the granger states in the seventh district and there is now little hope of any appreciable easing of conditions before well into the new year.

Rediscounts at the Federal Reserve Bank of Chicago at the beginning of this month totaled \$378,457,257, a new high record mark since the bank was established and several millions higher than the previous maximum figures, which were recorded on September 24. Reserve ratios have increased a point or more in that time, and the total of reserve note circulation is nearly \$15,000,000 lower, while the bank has paid off all its loans from other reserve banks, but the demand for funds from the holders of grain is insistent and is retarding a return to permanent conditions on a satisfactory basis. For this reason the West does not show the improvement noticeable in some other sections, where industrial activity has been curtailed and the process of liquidation is farther advanced.

There is no quotable change in interest rates, commercial paper still being on an 8 per cent. minimum basis, with other forms of accommodation around 7 per cent. For one week in October there was a little paper disposed of on a 7½ per cent. basis, but this was from one or two of the largest mercantile houses, which had not been in the market for a long time, and the quota-

tion could hardly be said to apply to the general market.

The holding of grain is having an adverse effect which does not appear in reserve bank figures. Country banks in the granger states, notably Iowa, are borrowing from their correspondents at the centers an unusually large proportion against the balances customarily kept there, in some cases more than 50 per cent., and the notes given by these borrowing banks are not eligible to rediscount at the reserve bank. The result is that the liquidity of the assets of large banks at the centers is reduced by the amount of these loans. These demands come partly from the southwest, where the sliding scale on rediscounts is in effect at the reserve banks through which they ordinarily do business. Some of these banks have borrowed so extensively in their home districts that further operations of the kind would cost them 14 per cent. under the sliding scale; hence their resort to outside relief. The rediscounts of Iowa banks are about three times what they would be allowed at the minimum rate under an apportionment of credit such as prevails in the districts where the sliding scale is in force.

Bankers at the centers are using what pressure they can apply to bring about a lessening of these credit demands, but they have not been able to accomplish much, as the country banker is confronted with a strong public sentiment in his own community in favor of the holding movement and in most cases is not inclined to combat it very energetically. A conference of Iowa bankers was held recently at the Federal Reserve Bank of Chicago in which an effort was made to impress on them the

### Alexander Co. Nat. Bank

CAIRO, ILL.

Capital .....\$100,000  
Surplus ..... 100,000

D. S. Lonsden, Pres.

Chas. Fechter, Jr., Vice-Pres.

J. H. Galligan, Cashier.

Frank Spencer, Assistant Cashier.

Send us your Cairo items. Satisfaction

guaranteed.



The spacious banking home of the  
Liberty Trust and Savings Bank of Chicago  
occupied November 6th, 1920

As designers of bank buildings and interiors we have served during the past year forty-two banks. Eighteen of that number had already been served in a similar capacity—an expression of confidence on the part of former clients which we count our greatest asset.

## WEARY AND ALFORD COMPANY

Bank Buildings and Interiors

1732 South Michigan Boulevard, Chicago

effect of the situation on other interests, but this missionary work evidently did not accomplish any more than the counsel of individual bankers, for the rediscount figures since then have continued on their upward course.

The last month has been one of continued declines in prices. In the grain and live-stock markets quotations are now on a pre-war basis, and in some cases lower. The benefits of this drastic readjustment are extending to the consumer also, in larger measure than at any other time since the recession began, about three months ago. Flour is down to the prices of 1917, and substantial reductions have been made in the retail quotations of fresh meats.

Retail business conditions are satisfactory, recent drives at prices of staples and the stimulus of the pre-holiday season having brought about activity fully up to the normal of this time of the year. Both wholesalers and retailers are engaged in energetic efforts to move all high-priced merchandise and surplus stocks and bring about as speedily as possible conditions which will encourage a resumption of buying on a permanent basis. Advertising campaigns and special sales, particularly of dry goods and clothing, give evidence of a competitive spirit that has not been displayed before since the beginning of the war. Price reductions are substantial and in some cases are greater than warranted by replacement prospects.

In the retail field the public response to these efforts is gratifying, but the results have not yet been reflected in the orders received by wholesalers, whose business is still under that for the corresponding time last year, although better than a few weeks ago. Merchants as a rule are not disposed to make future commitments extensively until they have more assurance that prices are reasonably near bottom and stabilized on the readjusted basis. They continue to buy close to immediate needs, but the orders of this kind make up a large amount of business, especially in goods wanted especially for holiday display.

An encouraging feature of the financial situation, and one which denotes its underlying strength, is the fact that the savings deposits of Chicago banks showed an increase of \$19,200,000 between the calls of September 7 and November 20. In view of the slackening of business and the widespread discussion thereof, it would seem that the effects of the former in lessening the surplus wealth of the savers have not been so marked as the effects of the talk in increasing the tendency toward thrift.



Developed through the growth and experience of more than half a century

## The First National Bank of Chicago

James B. Forgan, Chairman of the Board  
Frank O. Wetmore, President

and the

## First Trust and Savings Bank

James B. Forgan, Chairman of the Board  
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over  
**\$375,000,000**

# COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

## THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

*Capital and Surplus \$5,000,000*

This rate of increase in savings, about \$2,000,000 a week, has been maintained almost without interruption since the signing of the armistice and the total of these accounts in Chicago banks is now in excess of \$450,000,000, a gain of 100 per cent. in the last two or three years.

There have been further reductions in the prices of building materials this month, but they have had little effect in stimulating construction work and there is now believed to be little likelihood of a resumption on a large scale before spring. A great many projects probably will be started then, however, as conditions are steadily improving. Virtually all materials except steel have been revised downward, and it is thought that if any considerable demand for architectural steel should appear it could be filled at less than current prices. Asphalt and other roofing preparations are the latest to be reduced. It is estimated that labor costs are 20 to 30 per cent. lower than a month ago because of increased efficiency, although wage schedules are unchanged. A workman who formerly laid 600 to 700 brick a day is now laying 1,300, and similar changes are reported in other branches of the industry.

Steel mills of the district continue to operate at about 80 per cent. of capacity and are well booked until the end of the year but up to early this month were not taking orders for 1921 except on an open price basis. The smaller manufacturing concerns, which for nearly two years received premiums for their output have reduced their prices to the corporation's schedules. Because of the uncertainty as to the future course of the market, however, consumers are not disposed to buy and new business is small, except that from the railroads for rails and other track materials. The coal situation has been greatly improved by the mild weather of the fall and the tendency of prices is easier, especially in the steam grades. Betterment of railroad conditions and lessened industrial demand have permitted rapid progress in catching up with the fuel demand.



H. H. HEINS APPOINTED VICE-PRESIDENT

The directors of the First National Bank of Chicago have appointed H. H. Heins, vice-



## For Correspondent Banks

we will, on request, purchase Prime Commercial Paper and Bank Acceptances and will also handle Bill of Lading items.

# *The* NATIONAL CITY BANK *of* CHICAGO

DAVID R. FORGAN, *President*

### BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice President  
S. P. JOHNSON, Assistant Cashier

HENRY MEYER, Assistant Cashier  
R. V. KELLEY, Assistant Cashier

president, to fill the vacancy caused by the death of M. D. Witkowsky. Mr. Helms entered the employ of the bank on July 15, 1889, as messenger. He has seen the bank grow from an institution whose total deposits barely exceeded twenty million dollars to one of ten times that amount, and during the past twelve years has been connected with Division B of the bank's official organization, serving successively as assistant manager, assistant cashier, assistant vice-president, now being in charge as vice-president.

Thomas J. Nugent, who was recently appointed assistant vice-president, has been assigned to Division B, to fill the vacancy caused by the promotion of Mr. Helms.

### FIRST NATIONAL BANK MAKES DISTRIBUTION TO EMPLOYEES

The First National Bank of Chicago and its affiliated institution, the First Trust and Savings Bank, on December 1 distributed to their forces an amount equal to ten per cent. of each employee's annual salary. Both banks have made two previous distributions this year; one April 1 and one August 1 of like amount, so that the employees

have received during the year extra compensation equivalent to thirty per cent. of their annual salaries, or four month's extra pay. Increase in salaries have also been quite general during the current year.

### AMERICAN BOND & MORTGAGE COMPANY ABSORBS C. C. MITCHELL & COMPANY

The American Bond & Mortgage Company, Chicago, one of the oldest and largest Chicago investment houses, has taken over the business of C. C. Mitchell & Company, formerly of 69 West Washington Street, Chicago.

### B. G. McCLOUD

B. G. McCloud, assistant to the governor of the Federal Reserve Bank of Chicago, will become associated with the Union Trust Company, of Chicago, on January 1 as an active vice-president. Mr. McCloud has been with the Federal Reserve Bank since its organization in 1914, the first four years as cashier and during the last two years as assistant to Governor J. B. McDougal. Previous to that time he was for

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Bankers and Trade Acceptances

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Conditions Issued Every Two Weeks Sent Upon Request

four years associated with the Chicago Clearing House Association, department of examination. His initial banking experience



New Home of the Marshalltown State Bank,  
Marshalltown, Iowa

The Marshalltown State Bank has recently moved into a new individual building which was designed, constructed, equipped and decorated under a single contract for the entire operation by Hoggson Brothers, New York.

The cost of the completed building was less than the maximum amount which Hoggson Brothers guaranteed not to be exceeded when the contract was signed, despite the fact that an extreme scarcity of materials and labor developed and freight congestion seriously interfered with deliveries of material during construction. The building was turned over to the owners as scheduled despite these conditions.

was gained at the First National Bank of Chicago, where he served in the various departments. His knowledge and experience with the Federal Reserve System will be of considerable benefit to the Union Trust Company, one of the first State banks in Chicago to join the System. The Union Trust Company is largely a commercial bank and the need of an additional officer to properly care for its business, which has grown in volume of deposits during the past ten years from \$14,000,000 to \$44,000,000 has caused President Rawson to secure the services of Mr. McCloud.

Mr. McCloud while with the Federal Reserve Bank showed marked executive ability. As cashier much of the work of organization devolved upon him, and his banking experience and pleasant personality were of great assistance to the officers of that bank in developing an instrumentality that was of the greatest help to the government through the period of war financing. Mr. McCloud is a western man and has a wide acquaintance among the bankers of this section.

The extension of the Union Trust Company's business, in the trust and investment fields as well as in commercial business, has further necessitated the rental of additional space in the Tribune Building, and after January 1 the bank will occupy the third and fourth floors in addition to the second floor space used by the commercial department and the ground floor space on Madison Street used by the savings department.

### N. M. HOKANSON

Nels M. Hokanson, formerly of the Union Bank of Chicago, has been elected assistant cashier of the Great Lakes Trust Company.

Mr. Hokanson is a vice-president of the Swedish Chamber of Commerce and takes an active interest in foreign trade matters.

He was in charge of a foreign language division of the Liberty Loan organization during the war, which brought him into intimate relations with the foreign speaking population of the city, and his election is in line with the company's policy of increasing its foreign business.

**ARTHUR CABLE**

It is announced that Arthur Cable, formerly associated with and representing Montgomery & Co. in Chicago, will join the Guaranty Company of New York as a vice-president.

**LIVE STOCK EXCHANGE NATIONAL BANK**

The Live Stock Exchange National Bank of Chicago had total resources on November 15, 1920, of \$24,971,101.75, and deposits of \$15,038,813.42.

**CHICAGO TRUST COMPANY TO SHARE PROFITS**

According to an announcement recently made by Lucius Tetter, president of the Chicago Trust Company, his institution will hereafter share its profits with its employees.

Three and one-half per cent. of the net earnings is given to employees other than officers. Then an additional sum equal to 90 per cent. of the surplus earnings after setting aside 8 per cent. for stockholders' dividends, will be divided as follows:

Forty per cent. among employees not officers; 40 per cent. among senior officers chiefly responsible for the production of business and the conservation and management of the bank, and 20 per cent. among the other officers.

The plan is to be put into operation immediately. The amount to be distributed as New Year presents will be based upon the earnings for 1920.

Mr. Tetter says the Chicago Trust Company is the first financial institution in Chicago to adopt this particular form of profit-sharing.

**F. L. ERION FORMS NEW CONNECTION**

Frank L. Erion, who is perhaps the best known adjuster in Chicago fire insurance and financial circles, will retire from active service in the insurance field on January 1, and identify himself as vice-president of the Lloyd-Thomas Company, of Chicago, appraisers.



*Out  
in the  
Northwest*

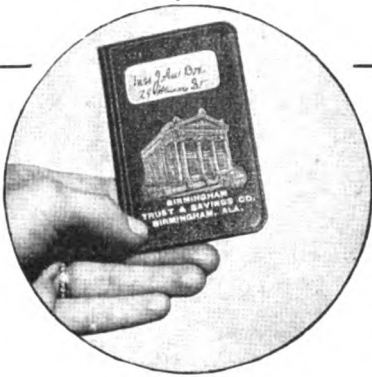
**A** BANK with resources  
of over \$100,000,000  
—the leading financial institution of its section—  
the logical clearing point  
for business intended for  
Twin City territory.

**First  
National  
Bank**

**Minneapolis**

**Capital and Surplus Ten Million Dollars**

*The appearance of a Deposit Book  
influences a new depositor*



THE BIRMINGHAM TRUST AND SAVINGS CO., Birmingham, Alabama, are using Mancotine on their Ladies' Deposit Books. This is indeed a recommendation, as the "female of the species" is notably more appreciative of neatness and beauty.

ARE the Deposit Books you are handing to your patrons suggestive of the character of your Bank? These books, together with your checks, are a constant reminder of your bank and should be planned accordingly.

Deposit Books made by William Mann Company are of the finest quality and reflect strength, dignity and refinement.

Due to the high cost of leather, we recommend that you have your Deposit Books bound in Mancotine—an imitation leather which does not in any way detract from the appearance or quality. Samples and prices gladly submitted.

Blank Books—Bound and Loose Leaf—  
Lithographing, Printing, Engraving,  
Office Stationery and Supplies

**WILLIAM MANN COMPANY**  
**PHILADELPHIA**

FOUNDED IN 1848

New York Offices: 261 Broadway

**LIVE STOCK FINANCE CORPORATION FORMED**

A special Chicago dispatch to the New York "Times", dated November 23, states:

The Live Stock Finance Corporation, which was formed by Chicago bankers to finance live stock paper, will begin operations within a few days, assured of a "pool" exceeding \$22,000,000. The organization committee has returned from the East, having obtained subscriptions for \$12,000,000 from New York banks and \$2,000,000 from Boston institutions. The Chicago banks subscribed \$8,000,000.

A meeting of representatives of the subscribing institutions was to have been held to-day for the election of officers and directors, but at the last moment was postponed until tomorrow. It is proposed to have seven directors from Chicago, two from New York and one from Boston. Headquarters will be in Chicago, and loans will be made through an executive committee.

The corporation will purchase live stock paper that is not readily marketable from banks and cattle loan companies with their indorsement and at a 10 per cent. rate of discount. No loans will be made for feeding or speculative purposes, but only for breeding and producing purposes, to prevent the marketing of immature animals. The business of the corporation must be wound up by March 1, 1922, and as paper discounted may not have maturity of more than six months and be subject to renewal not exceeding six months, loans will not be made after March 1, 1921.

**BIG BANK MERGER IN ST. LOUIS**

Official announcement has been made of the purchase of the Mortgage Trust Company and the Mortgage Guarantee Company by the First National Bank in St. Louis interests. These acquisitions will be merged with the bond department of the bank and become its investment division. F. O. Watts is president of the First National Bank, which became by the merger of the Third National Bank, the Mechanics American National and the St. Louis Union Bank in 1919, the largest bank west of the Mississippi River.

The Mortgage Guarantee Company was organized in January, 1909, with a paid in capital of \$500,000, and a surplus of \$50,000. The Mortgage Trust Company was organized two years later with a capital of \$500,000 and a surplus of \$100,000 and the combined assets of both companies at present approximate \$1,800,000. T. W. Bennett is the president of both the Trust Company and the Guarantee Company.

All of the officers will continue in their present positions and such additions to the personnel will be made as conditions may warrant.



There are two times  
when you need an ac-  
count with the Commerce

*1st: When you have surplus  
funds*

*2nd: When you haven't*

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over \$95,000,000 —and making loans is part of our business.

## The National Bank of Commerce

IN ST. LOUIS

Mr. Bennett stated that the association thus contemplated with the First National Bank, the largest in St. Louis or in fact west of Chicago, and through it with the St. Louis Union Trust Company, the Mortgage Trust Company would be in a position to render its clients and the investing public generally, a greater and superior service.

When asked about the deal, President Watts of the First National Bank, said: "Mr. Bennett has had a very successful career as an investment banker, and we should be very glad to have him at the head of our investment division."

It is contemplated that all matters will be concluded and become effective as of January 1 next.

FIRST NATIONAL BANK,  
HOMER, ILL.

The above-named bank has been organized with a capital of \$40,000. C. H. Wallace is president, and Dale Craig is cashier.

FRANCIS R. MORRISON

Francis R. Morrison of Cleveland has expanded his organization to meet increased

demand for his assistance in planning or strengthening the new business departments of financial institutions.

Mr. Morrison, who was one of the first men in the bank advertising field, reports that although the demand for financial advertising service grows steadily, the analyzing of existing new business and publicity efforts, and the outlining of complete "selling campaigns" has assumed a corresponding importance within the past few years.

### FACTS ABOUT THE NORTH- WESTERN NATIONAL

The following interesting facts about the Northwestern National Bank of Minneapolis are published in the November number of the bank's magazine "The Drum":

Began its 49th year last September; Gen. U. S. Grant was president of the United States when the bank was organized; On July 25, 1904, it moved into its present building;

It purchased a membership in the Minneapolis Chamber of Commerce in 1882 for \$25. Memberships now sell for about \$8,500 or \$9,000;

Dividends amounting to \$8,510,000 have been paid to stockholders. Dividends have been paid without interruption since 1872; The pension system was started January 1, 1911. The fund now amounts to \$365,083.26;

Ask Your Stationer for  
**Bankers Linen and Bankers Linen Bond**

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

*Manufactured by Southworth Company, Mittineague, Mass.*

SOLE AGENTS FOR NEW YORK

**F. W. ANDERSON & CO.**

INCORPORATED

34 Beekman Street, New York

The bank has 39 directors and 18 officers; The Northwestern has bought or absorbed three other banks; the Metropolitan, the National Bank of Commerce and the Swedish American National Bank. It became affiliated with the Minnesota Loan and Trust Company October 16, 1909; Dorilus Morrison, the first president of the bank, was also the first mayor of Minneapolis; There are now 360 employees, 157 of whom are women; The combined resources of the bank and trust company are \$87,802,361.23; From January 2 to November 1, this year, the General Teller at Window 12, one of our eight tellers, who receives miscellaneous deposits from department stores, railroads and so forth, took in over \$27,000,000 in cash from city customers.

**MILWAUKEE BANK TO MAKE  
BUSINESS SURVEY**

A business survey of the textile and related industries in its locality is being made by the First Wisconsin National Bank of Milwaukee. A questionnaire asking the following questions has been sent out to the trade by this bank:

1. The number of employees at each plant. This is to include all officers of the firm.
2. The amount of wages and salaries in 1920. That is the actual payroll for the first ten months ending October 31, 1920. The extra two months are to be estimated.
3. An estimate of the capital employed. This is to include value of land, buildings, machinery, equipment and working capital.
4. The sales value of the products for the entire year. The actual sales for the first ten months and the estimated sales for the remaining two are to be figured.
5. The total sales of the products being exported.

**ARTHUR F. YOUNG**

Arthur F. Young, head of the estates department of the Guardian Savings and Trust Co., Cleveland, has been appointed a vice-president, according to an announcement by J. A. House. Thirty years of



**ARTHUR F. YOUNG**  
Vice-President Guardian Savings and Trust  
Company of Cleveland

age, he will be one of the youngest bank vice-presidents in the United States.

He was assistant solicitor of Cleveland for two years before he entered the legal department of "The Guardian" January 1, 1916. In less than two years, he was placed in charge of the estates department and appointed assistant secretary and assistant trust officer. Under his direction the number of estates administered under either living trust agreements or wills has more than doubled.

HOW DETROIT BANKS DEVELOPED AUTOMOBILES

The following letter to the Editor of "Printers' Ink," tells how Detroit banks helped to make Detroit the automobile city:

David Gibson in a recent copy of his little magazine, "The Neighbor," told the secret of Detroit's phenomenal hold on the automobile industry. As I recall it, he stated that Packard, maker of the car which bears that name, was originally a piano manufacturer some place in Indiana. He bought his first car from Elwood Haynes, and, realizing its possibilities, set out to obtain capital with which to manufacture cars himself. He visited numerous cities, but only in Detroit did he find bankers with sufficient vision and progressiveness to be willing to advance him the needed funds.

As the automobile developed, others found in Detroit the assistance they wanted and some, employed by the older factories, were prompted and aided in breaking away and starting for themselves. And so, in spite of the disadvantageous location, the automobile industry grew and prospered in Detroit. This might have been the fortune of any one of a dozen other cities, had the bankers and other influential persons held forth the proper encouragement. The same is true of other lines.

This leads me to remark that the banks can perhaps accomplish considerably more toward the upbuilding of the communities which they serve by adopting a more liberal attitude toward furthering the ambitions of the rising generation.

By this I mean extending young men genuine, friendly and individual counsel with reference to saving and establishing a credit, and then, when the proper time comes, giving them real encouragement and aid in starting out for themselves, rating the character of the individual as a definite asset and depending upon it.

For example, I feel that to persons of the proper character very much more could be extended on the strength of their life insurance. This should be made to be a very easy method of quickly securing a large credit.

This would attract a very desirable class of depositors, many of whom would later develop into profitable accounts for the bank. And the encouragement given would be almost certain in some (perhaps many) instances to give rise to the establishment of concerns which would grow to be very real assets to the community.

By this I do not mean, of course, that a bank should lend promiscuously without proper security, and certainly new and untried propositions should be given the closest scrutiny, for Henry Fords, Thomas A. Edisons and George Westinghouses are not developed every day. Many proposals to the banks, however, will not be revolutionary, but rather along established lines, where experience combined with careful management will bring success.

All of which is offered in the good of the cause by one who himself cherishes the hope of some day having a business of his own, if it be only a peanut-stand, and who has already witnessed some of the difficulties with which the start is fraught.—D. A. Thomas.

H. B. GRIMM FORMS NEW CONNECTION

H. B. Grimm, vice-president of the St. Joseph Valley Bank, Elkhart, Ind., on January 1 will take up new duties with the Security Trust Company of Detroit, Mich., as manager of their business extension department.



A Bank of Stability

Through all history the mighty pyramids have been the symbols of Strength, of Power, of Stability.

These same qualities are dominant characteristics of the First National Bank in St. Louis.

A large number of out-of-town banks find that our co-operation means a closer, more friendly relationship.

Capital and Surplus  
\$15,000,000.00

Total Resources  
\$170,000,000.00





## while the city sleeps—

**I**N that "darkest hour," just before the first grey streaks of dawn appear,—when the consciousness of even the most alert is dulled—then the bank robber plies his sinister craft.

Speedy work is needed. Another hour will bring the first rays of the coming day, and that inquisitive policeman may decide to peer inquiringly through a window. "Well, safe deposit boxes are easy, anyway," muses the cracksmen as he deftly applies his cold chisel to a lock . . . .

Right there's our point—in ninety per cent of the successful robberies of safe deposit boxes, entrance has been gained by punching out the locks, or sledging in the doors. In September, 1920, yeggmen entered a Wisconsin bank and stripped the boxes completely, netting in excess of \$30,000. The boxes were opened in the usual way.



Such methods are useless when tried on Invincible Safe Deposit Boxes. A heavy bar of steel,  $\frac{1}{4}$ "x $1\frac{1}{4}$ ", backs up

the lock and becomes in effect a barricade against forcible entrance. This patented "LOCK BEHIND THE LOCK" is an exclusive feature of Invincible Safe Deposit Boxes.

Finish the story your own way—are *your* safe deposit boxes proof against the attacks of marauders? The integrity of the personnel of your bank is no more important than the integrity of your safe deposit equipment. Sectional construction is universally accepted as good engineering practice. And combined with absolute security and substantial appearance, Invincible Safe Deposit Boxes make for safety, dependability and higher earning power.

## INVINCIBLE METAL FURNITURE CO.

Manitowoc, Wis.

The Safe Deposit Department is the only department of the bank that yields an actual cash revenue on its equipment. The yearly return on an installation of 30 Invincible Safe Deposit Boxes amounts to approximately 43%, and in a little more than two years, the installation will have completely paid for itself.

THE LOCK BEHIND THE LOCK



# Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

## ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

**D**IFFICULTIES incident to the readjustment of prices are being solved gradually in the business of the Western States. Depression prevails, but there is no little basis for encouragement over the growing evidence of cooperation toward rectifying financial and commercial conditions. A better understanding prevails between bankers and farmers. The mania for spending carelessly has almost generally disappeared. Many consumers have even drifted to the opposite extreme—over-conservative buying. Grain, live stock, cotton, oil, lumber, metal, wool and other products of the Western States are still weak at new low levels on the present movement of prices in a majority of instances. Severe declines were recorded the past month.

As a result of the declines in prices, it has become quite clear to the Western States that improvement in their strained financial position is not going to be rapid. It is even asserted in some quarters that another crop after the 1920 harvests will be necessary to effect the improvement desired in the condition of banks, but this is an exceptional view. It is well to note, however, that such a view has been expressed because it throws light on the extent of the strain in money in the Western States, which this season have produced harvests of great volume. In connection with the liquidation of loans at banks, it is highly significant to find that a bushel of wheat today possesses only half the liquidating ability at the time the harvest of the winter wheat crop began last July in Kansas and Oklahoma. This means a tremendous shrinkage. Corn, too, has shrunken as sensationally. Corn is bringing only thirty cents a bushel at country stations in Kansas, Nebraska, Oklahoma and many other districts of this territory. A year ago the price of corn at country stations now quoting thirty cents a bushel was \$1 to \$1.25, if not a bit higher. The corn farmer who owes \$1,000 at his country bank must therefore sell more

than 3,000 bushels of corn to retire his obligation, compared with hardly 1,000 bushels a year ago. True, there is more corn available for sale and more of a majority of other crops, but the increased supplies do not offset the shrinkage in money returns. Cattle, sheep, hogs, wool, horses and mules, as well as many other products, have also lost heavily in their liquidating powers for their producers as a result of the drop in prices.

Only a comparison of price changes and a glance at the volume of bank loans is needed to convey a fair idea of the financial problems of the Western States. The Federal Reserve Bank of Kansas City has outstanding total loans of \$145,000,000, against \$105,000,000 a year ago. The Federal Reserve Bank of Minneapolis has outstanding loans of \$107,000,000 compared with \$75,000,000 a year ago. Each of these banks is a heavy borrower within the Federal Reserve system, Minneapolis having rediscounted paper to the amount of \$25,800,000 and Kansas City a total of \$28,400,000. No other banks within the systems are such heavy borrowers. At the opening of November the Kansas City central bank owed \$45,000,000 to other banks within the system, while the Minneapolis rediscounts then were \$26,600,000. Only slight progress toward liquidation has been made thus far; in fact, there is even doubt yet as to whether such states as Kansas, Nebraska and Colorado have actually started the reduction in loans which they should have effected weeks and months ago. But, happily, there is greater appreciation now than in many months of the need for cooperating to reduce outstanding obligations.

Opposition of farmers to the sale of their crops, which is still apparent, is behind the failures of country banks reported in North Dakota and Oklahoma. These two states have thus far suffered more seriously from country bank failures than any of the others of the Western territory. Sixteen failures are reported in North Dakota and six in Oklahoma. A member of the Federal Reserve system in Colorado failed the past month, this bank having attempted to weather an over-extended condition until

## *In The Great Northwest*

Bankers and business men anxious to obtain accurate and exact information concerning credit data, industrial possibilities and a general knowledge relative to the Pacific Northwest will find a comprehensive, reliable and complete service here.

*Our increase in deposits during the last two years is nearly \$4,000,000.00*

# **Scandinavian American Bank**

*Pacific Avenue at Eleventh Street. Tacoma*

after the payment of the proceeds from sugar beets to farmers, but this money apparently did not bring the liquidation anticipated. It should be borne in mind in connection with the failures thus far reported that the Western states have a larger number of small country banks than any other part of the United States. The failures make up an insignificant percentage of the country banks of this territory. Sound conditions prevail in this territory as a whole.

Markets for live stock witnessed heavy receipts of cattle during the past month, Chicago establishing a new high record for a week's arrivals, getting 110,000 head. The heavy movement resulted from the conclusion of range marketing season and also reflected what has been apparent as transpiring in the trade for a long time—holding for higher prices and better gains in weight. Declines of \$2 to \$3 per hundredweight on cattle, hogs and sheep have been the rule, carrying prices down to the lowest level since 1916. St. Paul, Kansas City, Omaha and Chicago had to call a halt to consignments in the first half of November owing to the development of congestion in their cattle yards. The strained credit situation and downturns in commodity markets affected demand for stocker and feeder cattle, which predominated in the supplies, while packers complained of a draggy demand for beef. Bankers at Chicago took the lead in organizing a live stock money pool to be used in caring for maturing loans on stock cattle in order to prevent additional forced liquidation, especially in such states as Montana. This pool is raising \$22,000,000 to be loaned at ten per cent. Fat lambs declined to a level below the cost prices on the bulk of the thin feeding lambs which were taken to feed lots the past summer and fall. Hogs dropped to a level below \$10, but are still relatively higher than corn.

In horses and mules a stalemate developed, for the South, hit hard and grieved by the slump in cotton, virtually stopped buying. The Western States ought to be selling several million dollars of horses and mules monthly to the South at this season, but their business in the work stock has at least temporarily disappeared. Dealers in mules are carrying liberal stocks of the animals which can be bought at declines of \$50 to \$100 a head compared with the quotations of July and August. Horses are as much as \$50 a head lower, being at the lowest level in nearly fifteen years.

Depression in grain carried prices down to a basis allowing the producer hardly more than \$1.25 a bushel for wheat, 30 to 35 cents a bushel for corn and 20 to 25 cents for oats, the lowest quotations in more than five years. Naturally, farmers are selling reluctantly. The stocks of wheat held by interior mills and elevators of both the Southwest and Northwest are extremely light, some gathering stations often failing to receive even a single wagon-load in a week or more. Many farmers are selling five to six sacks of wheat at a time merely to obtain spending money for their families. Corn is not being accumulated at country elevators as usual at this season, and present prospects point to a small winter movement to market. Despite the radical downturns in hogs, corn is still cheap compared with the porkers, which may further restrict country sales. There is a serious lack of demand for flour. Millers of the West are also feeling the effect of the chaotic conditions of the consuming markets of the East. Without an active outlet for their product, either for domestic or export trade, millers can lend no strength to the wheat market, thus permitting foreigners to accumulate their enormous requirements with virtually no competition. But wheat is being contracted by Europeans at such a rapid

# The Omaha National Bank

## OMAHA, NEBRASKA

Established 1866

<b>Capital</b> . . . . .	<b>\$1,000,000</b>
<b>Surplus (Earned)</b> . . . . .	<b>\$1,000,000</b>
<b>Total Resources (Over)</b> . . . . .	<b>\$30,000,000</b>

Joseph H. Millard, Chairman of the Board

Walter W. Head . . . . .	President
Ward M. Burgess . . . . .	Vice-President
B. A. Wilcox . . . . .	Vice-President
Frank Boyd . . . . .	Vice-President
O. T. Alvison . . . . .	Assistant Cashier
J. A. Changstrom . . . . .	Assistant Cashier
W. Dale Clark . . . . .	Assistant Cashier
Edward Neale . . . . .	Assistant Cashier

### Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

rate that some fear prevails over a possible domestic scarcity before the close of the crop year.

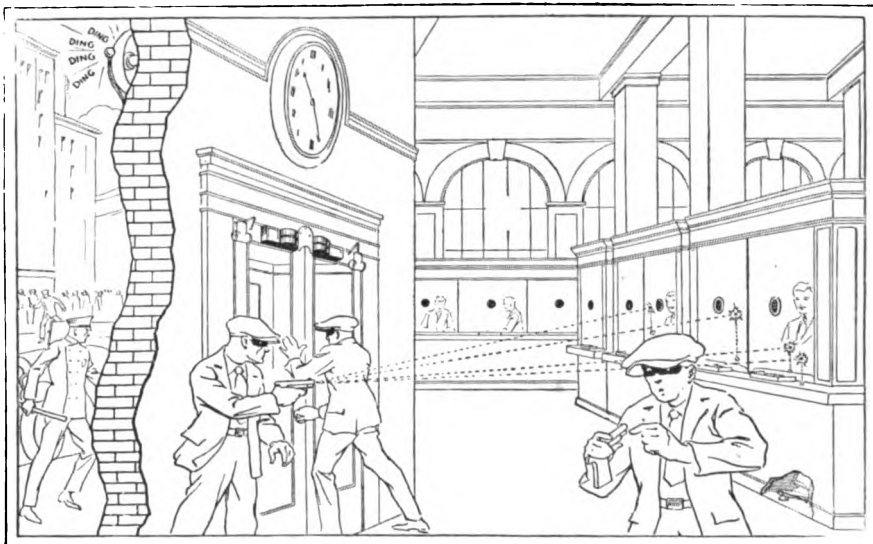
Another drop in copper, further weakness in wool and hides and lumber and depression in petroleum were felt in general business. Merchants in the copper mining regions complained of poor business owing to the lack of employment for miners. Lumber operations were reduced considerably owing to the lack of orders. Texas Gulf crude oil was reduced 50 cents a barrel, and a drop in the price of Mid-Continent crude is momentarily expected. Refined products are weak. Consumption of gasoline and fuel oil by industries is declining, while the demand for pleasure purposes is lighter, as usual at this season. But the reductions being recorded in the purchasing power of large numbers of citizens, together with the tumble in sales of automobiles to a very small number, make it doubtful if gasoline will enjoy the demand which marked the trade of the past summer. Revival in lumber business awaits more normal conditions in money markets. It is believed that improvement will come mainly from rural districts, as the growing unemployment of labor at industrial centers is expected to start a return flow of sons and daughters of farm-

ers back to farms. Wages are declining and unemployment increasing.

Prices of farm land are easy, and there is a probability of forced sales by purchasers who paid excessive prices. In the Western States, as a whole, however, land speculation was not so serious as many reports indicated.

Bank deposits are declining, this being partly a reflection of the inevitable result of the sharp recessions in the prices of the products of their communities. Extreme quiet prevails in the trade in high-grade investment securities, owing to the drop in the income of recent buyers. Corporations and banks have been free sellers of Liberty bonds for the purpose of effecting liquidation of loans.

Agitation is growing for a reduction in freight rates. States as distant as Montana from markets are making efforts to obtain orders from the Interstate Commerce Commission to declare emergencies and institute lower freight rates on such products as hay. Unless this is done, the low prices mean that sales cannot be made. There are indications that railroads are beginning to see the justice of the appeals of producers, who are not prompted by any antagonism toward the carriers but by economic necessity.



## **PROTECT YOUR BANK**

**Defy All Gunmen**

**Save Your Cash**

**Catch the Thief**

**T**HESE devices insure absolute protection from gunmen. The interior fixtures when equipped with **PROTECTO BULLET PROOF ARMOR GLASS** and its accompanying appliances will give one hundred per cent protection against hold-up and robbery. In addition, all doors are instantly closed and locked by a foot button within reach of every teller's toe.

**Bankers Protective Appliance Corporation**

**5 Columbus Circle**

**New York**

# Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,  
Arizona and Alaska.

## ECONOMIC CONDITION IN THE PACIFIC STATES

By J. F. DONNELLAN

**T**HE situation in trade on the coast is similar to that existing in all other parts of the country. Markets are unsettled and wholesalers and jobbers report business at a practical standstill. Retailers, who are experiencing a reduced volume of business except when radical price-cutting has been done, are not laying in new stock. Collections, which have been fair, are becoming slower. Among manufacturing plants there is a disposition to reduce working forces.

Liquidation of bank loans is being held back by the inability of borrowers to market their commodities, but the amount of new credit required is diminishing. Indications are that money will be easier after the first of the year.

Crops have averaged well in yield but farm products are still largely unsold on account of growers' dissatisfaction with existing prices. Especially large stores of barley and hay are being held back. Cotton planters are receiving returns far below last year's, as also are the rice growers. Fruit growers have had a profitable year, which prosperity, however, did not extend to the canning industry on account of high labor and material costs and a declining market.

Recent heavy rainfall in California, although causing about 90 per cent. loss to rice growers, has in general been of great value in putting the soil in condition, grassing the ranges and replenishing the reservoirs upon which the power companies are dependent. The orange crop is ripening early this year and is expected to be about 20 per cent. above last year.

There is slow movement in lines making up the chief products of the Northwest. Wheat prices have slumped, and livestock prices, with the exception of cattle, are off. Hay, fruit and farm products in general are not attracting buyers and less than 50 per cent. of the wheat has been sold in some eastern Oregon counties. Canned salmon is moving slowly. Restricted markets are shutting down activities in the lumber industry

and curtailment of lumbering and logging operations is throwing many men into idleness.

In Hawaii the sugar producers are entering the new year on the strongest financial basis in their history.

## THE THREE C'S OF THE PRESENT SITUATION

J. Dabney Day, vice-president of the First National Bank of Los Angeles, in an address before the Arizona Bankers Association summed up the present situation in the following striking terms:

If I were asked to name the most essential elements needed in our program of readjustment, I would say Co-operation, Confidence and Conception:

Co-operation with foreign countries in their efforts to reorganize their business forces. Co-operation between the consumer and producer with less evidence of the mudslinger. Co-operation between capital and labor, dwelling upon the brotherhood of man rather than the brotherhood of unions.

Confidence in the integrity of the nation's banking system. Confidence in the chief product of our soil. Confidence in the ultimate victory of the unselfish and altruistic spirit that was so fully manifested during the late war.

A Conception of our duty toward those nations which are so embarrassed by the prostration that follows in the wake of war. A conception of our privilege to stimulate production by properly caring for the requirements of the producer. A conception of our opportunity to prove ourselves unselfish, non-pronteeing, altruistic soldiers of finance.

As we look into the future, imagination is justified in painting two pictures:

One depicting: disturbed domestic and foreign relations; internal business dissensions and financial chaos.

The other presenting: an international amalgamation of efforts and interests; a

## Bank of Bishop & Co., Limited

Established 1858  
HONOLULU, T. H.  
Cable Address, "Snomad"  
Capital and Surplus.....\$1,782,500  
OLDEST AND LARGEST BANK IN THE  
ISLANDS. COMPLETE ABOUT THE  
ISLANDS COLLECTION SERVICE.  
PROMPT REMITTANCES.

# ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

## AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

**STOCKS AND BONDS AT AUCTION**  
REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND  
BONDS EVERY WEDNESDAY

**Real Estate at Public and Private Sale**

Prompt Returns on all business entrusted to us

union of forces working in harmony; and a resultant national prosperity.

One of these pictures, the first, may be produced by applying the rule of Gold; and the latter can be created by nothing less than the employment of the Golden Rule.

### SAN FRANCISCO BANK STARTS "THRIFT" CAMPAIGN

The Security Savings Bank, of San Francisco, has planned an advertising campaign which seeks to inculcate thrift through a

savings idea, tied up to the seasons—Christmas, vacation time, the hunting season, income-tax paying season, etc. "Join the Security Thrift Club and provide for Christmas the Coupon Way" is the caption for the first advertisement.

### THE AMERICAN PLAN IN SEATTLE

Associated Industries of Seattle report that complete success of the American Plan (open shop) in industry in Seattle has been realized as is proved by the fact that not only the industries of that city have thrown off the yoke of union labor domination, but also the political bodies, such as the city, county and school and port districts have done so as well, and have been supported in their policy by the people of the city. Associated Industries of Seattle have a great deal of information on this plan which they believe will be of interest to other industrial cities.

### ISSUES PAMPHLET FOR EXPORTERS

A interesting and valuable pamphlet entitled "Selling Your Products to the World" has been issued by the Union National Bank of Seattle. The pamphlet contains a reprint of the foreign trade definitions adopted at a conference held in the India House, New York, on December 16, 1919.

### SECURITY NATIONAL BANK, FAIRFIELD, IDAHO

The above named bank has been organized with a capital of \$25,000. Frank Hausman is president.

### HARRISBURG NATIONAL BANK, HARRISBURG, OREGON

The above named bank has been organized with a capital of \$50,000. John R. Cartwright is president and V. C. Brock is cashier.

## Be a Winner

### Keep Your Liberty Bonds

The subscriber who holds his bonds will not lose a dollar.

Market fluctuations do not change the intrinsic value of Uncle Sam's securities or affect his interest payments.

### Liberty Bonds and Victory Notes

—backed by the nation's strength  
—are the world's premier investment.

### Buy All You Can Afford

at current advantageous market prices.

### Government Loan Organization

120 Broadway

New York

# Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

## ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

**A**LTHOUGH the unsettled business situation now prevailing must be expected to last for some time longer and will be marked by further deflation and many trade and industrial difficulties, opinion in banking and financial circles is that so far as the economic situation is concerned, the peak of the strain has been passed. It is generally accepted that this peak came with the first movement of the wheat crop when, because of the break in the market, there was a tendency to hold up shipments and thus delay seasonal liquidation of debts. This development, coming at a time when commercial loans were at their high mark and retail business was very much upset, put a heavy strain upon the banks. That they were able to meet it successfully was no doubt due to the policy of checking speculation which was adopted in May and which has since resulted in the changing of a large amount of loans from commercial to agricultural borrowers. Although there was no net reduction in the six months following

the announcement of policy—in fact a considerable increase—the fact remains that the rate of expansion was retarded and the switching of credits was a longer stride towards deflation than might appear on the surface.

The reduction in credits appears to have been brought about by the movement of the crop, liquidation of agricultural loans and the general effect of the policy of curtailment together with reduced values in lowering the amount of funds in the hands of commercial and industrial borrowers. There is no indication that money rates have been an important factor. Canadian banks do not alter their rates to meet supply and demand of money, but control borrowing as a matter of policy. Rates recently have been “stiffer” but there has been no general change in the interest charges and Canadian borrowers with money at about 6½ per cent. have been in a very favorable position even though they may not have been able to get all the money desired.

With the reduction in loans the banks have been able to materially strengthen their liquid position as indicated by increases in

## Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



For further particulars write

Foreign Department  
**Standard Bank of Canada**  
TORONTO

Resources over - - - - \$100,000,000.00

### The Bank of Hawaii, Ltd.

HONOLULU, HAWAII  
 Cable Address, "Bankoh"  
 Capital, Surplus and Un-  
 divided Profits ..... \$1,686,000  
 Total Resources ..... \$1,094,000  
 C. H. Cooke, Pres.  
 E. D. Tenney, Vice-Pres.  
 Roxor Damon, Cashier.

Enactment of Letters of Credit through  
 close connections on each Island, collections  
 promptly executed.

holding of Dominion notes by over \$5,000,-000, gold reserve more than \$10,000,000, balances in United Kingdom banks over \$6,000,-000 and considerable increases in balances in foreign banks, holdings of government securities and call loans abroad. In addition to the reduction of current loans in Canada there was a cut in loans abroad of nearly \$9,000,000, and reduction of nearly \$7,000,000 on municipal loans as well as \$1,500,000 in call loans in Canada. Call loans in the United States were increased by about \$1,500,000.

Conditions in business are very unsettled and promise to continue so, particularly as the turn of the year seems likely to be marked by failures in commercial enterprises. In Canada as in the United States it has been contended that the retailer has not been cutting prices and that goods have not been moving on this account. Careful study, however, indicates that the retailer has been more willing to meet the situation than some reports would indicate. In the larger stores at least the policy is to place present values on replacement basis and to cut the margin of profit closely on that basis. In some cases of course it is not easy to arrive at replacement value but there can be no doubt that at such a time this value rather than invoice price should be considered in relation to the selling figure. The chief trouble appears to be that the public does not like to buy on a falling market and it seems likely that trade conditions will be dull until the people are convinced that they cannot force further reductions by continuing to remain out of the market.

#### MERCHANTS BANK'S HALF-YEAR

The report of the Merchants Bank of Canada for the half year ending with October shows a number of important changes as compared with a year ago. Holdings of government and municipal securities have been reduced from \$36,240,000 to \$21,114,000, indicating the effect of liquidation of government borrowings. At the same time holdings of

gold and dominion notes increased from \$25,642,000 to \$30,630,000. Current loans were materially larger, having increased from \$102,346,000 to \$120,515,000 while deposits which totalled \$170,634,000 were only \$4,600,000 larger.

#### "THE ROYAL BANK MAGAZINE"

The Royal Bank of Canada has issued the first number of its new house organ, "The Royal Bank Magazine." Number one contains the following message from the bank's executive:

The executive of the bank, in this first issue of The Royal Bank Magazine, desire to express to all officers their approval and hearty support of the new publication. In an institution such as The Royal Bank of Canada, embracing, as it does, the welfare, happiness, and success of such a large number, it is impossible to over-emphasize the necessity for co-operation and unity among its officers, not only in a business sense but in the wider meaning of loyalty to the bank and to each other. To this end, a medium whereby the officers of the various branches can be brought into closer personal touch with each other, and with the executive, must prove not only of interest and advantage to the officers but be conducive to the prosperity of the bank as a whole. Throughout the world to-day, a new and better spirit in the government of commercial enterprises is evidenced. Men and women in every walk of life are striving for a better knowledge and clearer understanding of each other's needs. Gradually it is being realized that man does not live unto himself alone, and that the well-being of even the humblest member of any group of the community is of importance to all members, and that "One for all and all for one" is not theory but sound business principle. Fully conscious that largely upon the success of its officers depends the success of the bank, the executive cannot but be vitally interested in the individual success of these officers.

Success in the last analysis depends upon three things—character, ambition, and will power.

Character—Sincerity and courage in every detail of life, and the knowledge and power of judgment which spring from them.

Ambition—The desire to exercise this knowledge and power, and to reap their inevitable reward.

Will Power—With personal effort, which never rests short of achievement.

Granted all these things, this truth remains, a man may be blessed with great ability, perfect health, and happy surroundings, yet if he has not the fundamentals—character to face life, honestly and bravely; ambition to play his proper part; and will power to achieve his ends—he will never know the full measure of permanent success.

#### THE BANK OF MONTREAL

The annual statement of the Bank of Montreal shows total current loans of \$223,495,-472, against \$164,182,581 a year ago. The total of loan accounts amounts to \$256,500,-001, as compared with \$195,797,857 last year. There has been a steady reduction in the bank's special government business undertaken during the war, and its holdings of Provincial and Dominion securities have dropped from \$63,984,955 to \$14,363,954.



# BOOK TALKS

Special Section of The Bankers Magazine

JULY 1920

## TRAINING THE STAFF OF LLOYDS BANK

AN INTERESTING pamphlet has just been issued by Lloyds Bank, London, describing the conditions of entry to the bank's staff and the steps taken to encourage the general education and professional training of its members.

"The great extension of the bank's 'business,' says the memorandum, not only at home but also in the Colonies and foreign countries, has emphasized the desirability (1) of encouraging members of the staff to qualify themselves more fully for the wider opportunities thus afforded, and (2) of attracting to the service, in all branches of the bank's business, young men who have shown exceptional ability in their school and university careers."

The conditions of service fix the minimum age at which permanent appointments will be made at 18 years, though a certain number of boy clerks or probationers between the ages of 16 and 18 will be accepted. These boy clerks will be given ample opportunities of improving their general education—during business hours if necessary. Graduates of a recognized university or holders of recognized diplomas will be eligible for appointment from 21 to 23 years of age.

As regards professional training the following regulations are laid down with regard to the examinations of this Institute:—

"Examination fees will be paid by the bank for all members of the staff on their first sitting for each part of this examination, with a grant not exceeding £3 s. for books and tuition fees.

"Part I. In ordinary circumstances this should not be taken

before 19 years of age, or about one year from the date of appointment to the permanent staff. On passing, a gratuity of £5 will be given, and an additional year's seniority, with a corresponding increase of salary.

"Part II. This should not usually be taken before 21 or 22 years of age, *i.e.*, at least two years after taking Part I. On passing, a gratuity of £10 and an additional year's seniority will be given, with increased pay as above."

In conclusion, the conditions are described under which it is intended to give every year a certain number of foreign scholarships, "mostly to members of the staff, though outside candidates need not be entirely excluded." Candidates must, as a rule, be of British birth, between the ages of 23 and 30, and have passed Parts I and II of the Institute Examination. The chief subjects in which proficiency will be required are Economics, including Currency and Banking, Foreign Exchange and Bill operations, both practical and theoretical, and Commercial History and Geography. Proficiency, both conversational and literary, in French or some other important European language will be essential.



## THE ENLARGED PROGRAM OF THE A. L. A.

THE AMERICAN LIBRARY ASSOCIATION has launched the "Books for Everybody" movement for the Enlarged Program. It points to the time when books will be freely accessible to every man, woman and child in the United States.

In co-operation with existing library agencies it will:

Urge increased support for all libraries by the persistent use of educational material;

Strive for a better citizenship by using the foreign language press and by other means to promote the reading of books about America;

Work for the extension of the county library plan to every county in the United States;

Aid, in co-operation with the Special Libraries Association, in the establishment of more business and technical libraries;

Establish libraries on vessels of the American Merchant Marine, in coast guard stations and lighthouses;

Aid in the production of more books for the blind in the new uniform type;

Continue to supply books to ex-service men who formed the habit of reading and studying during the war and who are not served by local libraries;

Assist in the maintenance of European headquarters for the international exchange of library information, and finally, carry on a sustained program of education that will result in an increased recognition of the value of library service in adult and juvenile education, and make the library a more potent factor in the life of every community.

To make the provisions of this program possible, it will be necessary to raise a fund of \$2,000,000. There will be no intensive drive and there will be no annual appeal for funds. Ask your library.

The American Library Association, the Special Libraries Association, and other allied organizations are back of this nation-wide movement. It is supported by leading men and women everywhere in the United States.

# THE BANKERS MAGAZINE—BOOK TALKS

## BOOK TALKS

KEITH F. WARREN, Editor

Monthly Book Section

THE BANKERS MAGAZINE

253 Broadway, New York

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JULY 1920

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**T**HERE ARE books that make for commercial and industrial stability. The man in business needs such books now as never before. Friendly industrial relations depend largely upon proper psychological viewpoints. Morale is as important in the factory and in the office as on the field of battle. Books and magazines which give both sides of controverted questions in economics and society will bring a better understanding between employer and employee. America needs increased production and greater efficiency in its industries. In agriculture, in the factory and in the executive office, a knowledge of the best methods of producing more goods of better quality is imperative. A wider reading of technical books will assist in the development of business and the printed word will become a more potent factor in industrial and commercial life.



**EVERY ONE** of the books listed in this department is crammed full of valuable information and with progressive ideas and methods for increasing your efficiency as a banker. Read over the brief descriptions and select the books that you think will best meet your own requirements or those of your workers if you wish to build up a suitable library for them.

"AT ONCE the least expensive and the most valuable guide in life is the experience of others," says J. Ogden Armour. "None of us can travel all the roads; but, if we heed, we can choose the better ones by observing the fate of those who journey before." The reading of the proper books is the most practical way to get help from the experience of others.



**HUNDREDS OF BOOKS** read once may not be as valuable to the reader as one book read well. By writing down an abstract of a book you have read you get mental discipline which you can get in no other way. It fixes the main contents of the book in your mind, and this practice likewise enables you to read other books with greater attention and profit.



**ACCORDING** to the United States Commissioner of Education, seventy-five million people of this country never read books. Some of the men interested in the book trade would like to see a national advertising campaign to sell the idea of book reading. As a result of the "books for soldiers" campaign, a stimulation of interest in books was aroused which has far from died out with the end of hostilities. The logical place to start the campaign would seem to be with the school children. Undoubtedly many thousands of dollars would be needed for an adequate advertising campaign, but it probably would pay from every standpoint.

**THE PUBLISHERS** of Dr. Eliot's Five-Foot Shelf of Books use Benjamin Franklin's life as an example of a man who succeeded through reading. We imagine the creator of "Poor Richard" had a good brain to start with, but here is the argument anyway:

"Poor, friendless, with no education, Benjamin Franklin walked through the streets of Philadelphia alone.

"Yet at forty he was independent; at fifty his company was eagerly sought by the leaders of two continents.

"What was Franklin's success secret? Something mysterious?

"Not at all. His secret was nothing more than this:

"Every day of his life he added a part of some other man's brains to his own. He picked the few really great mind-building books and read them systematically a few minutes every day.

"You have so few minutes in the day for reading; so few days in a busy life. Will you spend them all with the gossip of the newspapers, or the mere entertainment of Fiction?

"Or will you, like Franklin, start now to make the great thinkers of the world your servants? Will you increase your own brain power by adding their brain power to it?

"What are the few great books—biographies, histories, novels, dramas, poems, books of science and travel, philosophy and religion, that have in them the power to make of their readers men who can think clearly and talk interestingly—men who

(Continued on page 6)

# "Accounting as an Aid to Business Profits"

By Wm. R. BASSET



**A** BUSINESS executive goes to the banker for money. In making application for the loan he tells of the wonderful progress his business has made and the splendid opportunities ahead, if only the banker will advance him more capital. The banker hesitates.

Shrewd, cautious, an able man of affairs, he knows that words alone are not sufficient to justify the granting of a loan, no matter how small. He wants *records*—black on white records that indicate what the business has done, its financial status, and that will give him a fairly accurate idea of future possibilities.

## What Every Banker Should Know

For this reason, if for no other, every banker should be familiar with the various methods of keeping business records, and the "how" of business analysis. Basset's new work, "Accounting as an Aid to Business Profits," will give him just the information he needs. Here in 328 pages are described the bookkeeping and accounting practices in common use today. It explains the *why* of keeping records as well as the *how*. The banker who reads this book will have little difficulty in deciphering business records. Often he will be able to tell almost at a glance the financial condition of a concern, and point out profit-draining leaks that might otherwise never be found.

Almost every business executive appreciates helpful advice, especially when it comes from his banker. Familiarity with the methods and systems in Basset's works puts the banker in possession of much information he can pass on to his business patrons. In this way not only will he safe-

guard his loans, but he will also win permanent customers for his institution through the unusual service he is able to render.

## Who Is Wm. R. Basset?

Wm. R. Basset, the author of "Accounting as an Aid to Business Profits," is president of Miller, Franklin, Basset & Company, Certified Public Accountants. He has made a complete study of accounting and cost accounting systems. Called into consultation by firms on the brink of bankruptcy, more than once his methods have placed such businesses on a profit-paying basis. In his book he purposely avoids technical phrases. Any man, regardless of his knowledge of accountancy, can read, understand and apply the methods and systems he describes.

"Accounting as an Aid to Business Profits," contains 328 pages, 104 forms and charts, 12 large inserts. Bank executives will find it of unusual value in their work. Fill in and mail coupon below. The book will go forward immediately.

## "Of What Value to Me, a Banker," You Say? |

The chapter headings answer the question

How much accounting you really need  
How accounting can affect your profits  
The essentials of bookkeeping  
Opening of the books  
Effective purchasing methods and records  
Handling accounts payable  
How accountancy helps sales  
Handling the cash  
Balancing the books  
How to arrive at your statement of condition  
How bankers analyze your statement of condition  
What is good-will really worth?  
Charging off depreciation on the right basis  
What your statement of operation means  
What a cost system means to your business  
Keeping a record of the cost of materials  
How to figure the cost of labor  
How to determine the overhead expense  
Determining the selling expense  
Tying all costs into the general accounts  
Accounting for the man who sells personal service  
Accounting for the retailer  
Accounting for the jobber  
Control reports for the executive

Bankers Publishing Co.,  
253 Broadway, New York.

You may send me Basset's "Accounting as an Aid to Business Profits," for which I enclose \$6, payment in full.

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Bank .....

Street & No. ....

City & State .....

# Examine These Books

Read over the list below and select the ones that you wish to examine at our expense.

## **BANK LAW AND TAXATION DIGEST**

By MILTON W. HARRISON

The production of this digest of state banking laws has involved an examination of the statutes for over forty states and the reduction to concrete form of the main provisions governing the organization and functions of the different classes of banks created under state laws. These provisions have been grouped under six headings, supervision, classification, organization, penalties and reserves. Bound in buckram. Clear, readable type. Price, \$3.00.

## **BANK WINDOW ADVERTISING**

By W. R. MOREHOUSE

Illustrates and describes up-to-date, modern banking methods of gaining bank deposits by appeals to the eye. Shows how it should be done and lists all necessary materials, with many suggestions for successful displays. Based entirely on practical experience that has won out. 150 pages. Fully illustrated. Price, \$3.00.

## **BANK DEPOSIT BUILDING**

By W. R. MOREHOUSE

Deals with successful methods by which bank deposits are made to grow steadily and permanently. Presents many practical and tried plans for intelligent and resultful advertising, including newspapers, street car

cards, window displays, besides giving much valuable information of a kindred nature. 960 pages. 40 illustrations. Price, \$4.00.

## **COMMERCIAL PAPER AND THE ANALYSIS OF CREDIT STATEMENTS**

By WILLIAM H. KNIFFIN, JR.

This volume fills the long-felt want for a work that will enable the banker and the credit man to properly analyze credit statements and thus be able to pass properly on the credit risk involved. A number of actual statements are carefully explained and analyzed so as to show the reader the proper method by which to draw his deductions. The whole subject of commercial paper is carefully considered. Price, \$2.50.

## **THE ELEMENTS OF FOREIGN EXCHANGE**

By FRANKLIN ESCHER

Gives a clear understanding of the causes which affect the movement of foreign exchange, its influence on the money and security market, etc. The book is elementary and is designed for the reader who wants to get a clear idea of how foreign exchange works without going too deeply into it. Seventh Edition. Price, \$1.60.

## **THE FILING DEPARTMENT**

By J. ARTHUR CRAMER

Describes and illustrates a system of filing for banks which

will enable the banker to have immediate access to all of the correspondence and records bearing on any particular transaction. Author has made a careful study and investigation of the subject. 100 pages. Copiously illustrated and indexed. Price, \$1.95.

## **PAINÉ'S ANALYSIS OF THE FEDERAL RESERVE ACT AND COGNATE STATUTES**

By WILLIS S. PAINE

In this book the author of "Paine's Banking Laws" and "Paine's New York Banking Laws" completely analyzes the Federal Reserve Act. Dr. Paine's book is the first complete and authoritative treatise on the history, enactment, development, operation and interpretation of this important statute. Every leading court decision as well as the rulings affecting the operation of the law are given, together with a history of the measure from the original introduction of the bill down to the present time. 400 pages, carefully indexed. Maps and charts. Price, \$5.00.

## **THE PRACTICAL WORK OF A BANK**

By WILLIAM H. KNIFFIN, JR.

Covers every phase and detail of the operation of a modern bank. There isn't a single practical banking problem or detail of bank administration that this book doesn't take up carefully and describe in detail. Tells

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Every one of these books is crammed full of valuable information and progressive ideas.

how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment. 600 pages. Fully illustrated and indexed. Price, \$5.00.

## PRACTICAL INVESTING

By FRANKLIN ESCHER

Fills the long-felt want for a book which, in simple and understandable language, tells all about securities as they are and as the man who goes into the market with money to invest will find them. There is nothing of the theoretical treatise about "Practical Investing." It is just a plain, straightforward description of securities and the markets, made by a man who combines long practical experience in investment matters with the ability to write about them clearly and interestingly. Mr. Escher knows what the investor needs to know and in this book he tells it. 175 pages, handsomely printed and bound. Price, \$2.00.

## THE SAVINGS BANK AND ITS PRACTICAL WORK

By WILLIAM H. KNIFFIN, JR.

This book is without question the most exhaustive and the most readable treatise on savings banks ever written. The work of the savings bank is treated from the historical, theoretical, legal and practical standpoints—making a complete reference book on all phases of the subject. 550 pages. 190 illustrations. Price, \$5.00.

## BANK ADVERTISING EXPERIENCE

By T. D. MACGREGOR

This book is filled with practical ideas for financial publicity as actually used by hundreds of banks and trust companies in the United States and Canada. Many bank advertisements are reproduced and commented upon. \$2.25, delivered.

## TRUST COMPANIES; THEIR ORGANIZATION, GROWTH AND MANAGEMENT

By CLAY HERRICK

Describes in detail the actual organization and operation of every department of a modern trust company. Contains a va-

riety of tables and charts which make it indispensable for every trust company officer. The author was for many years connected with the Cleveland Trust Company in important capacities and speaks with authority. 500 pages. Price, \$5.00.

## THE NEW BUSINESS DEPARTMENT

By T. D. MACGREGOR

Bank Department Series. This book describes the actual operation and organization of the "new business department" of a modern bank and shows how any bank can organize such a department and make it a profitable producer of new business and accounts for the bank. Price, \$1.25.

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<input type="checkbox"/> The Filing Department	1.25	<input type="checkbox"/> Bank Advertising Experience .....	2.25

Name.....

Bank.....

Town.....



# Bank Deposit Building

Practical and Proved Methods of Increasing Your Business and Holding It

By W. R. MOREHOUSE

Assistant Cashier Guaranty Trust and Savings Bank, Los Angeles, Cal.; President Financial Advertisers Association

**T**HIS book, as its name implies, deals with building bank deposits—not in the sense of a spectacular increase by forced methods—here to-day and gone to-morrow—but building for permanent growth. This is the keynote of Mr. Morehouse's book and attention is paid to holding old business as well as to winning it in the first place.

There is nothing theoretical about Mr. Morehouse's book. All the methods recommended have been tried and found successful. Mr. Morehouse is himself one of the officials of a bank that has been highly successful and on account of his knowledge of advertising matters has been chosen President of the Financial Advertisers Association and Editor of the *Bulletin*, which deals exclusively with bank advertising. Mr. Morehouse is also well known to bankers on account of his frequent contributions to *The Bankers Magazine*.

At this time when strong and united efforts are being made far and wide to promote thrift and saving, the study of a book like "Bank Deposit Building" will not only stimulate the banker's patriotic duty, but will add to his legitimate profits as well—a combination of "doing good and making money," as Benjamin Franklin once put it.

"Bank Deposit Building" is a handsomely bound book of 260 pages, printed on fine paper, with more than 40 illustrations. The price is \$4.00 and return of the blank below will bring a copy for personal examination.

THE BANKERS PUBLISHING CO.

253 Broadway, New York, U. S. A.

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Please send for free examination a copy of Mr. Morehouse's "Bank Deposit Building." After five days' examination I will either return the book or remit the price, \$4.00.

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Bank.....

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## THOUGHTS ON READING

"EDUCATION is the enlargement and enrichment of the mind. Training is making the mind a more effective tool. Education is giving the mind a cubical relation, breadth, height and depth. Training is grinding the mind to a keen-cutting edge. Education consists in giving to the mind, vision, prevision."—*Dr. Charles F. Thwing.*

"SOMETHING THAT seems quite new, or that seems insolently false or very dangerous, is the test of the reader. If he is merely hurt, or offended, or exclaims upon his author's folly, he had better take to the daily papers; he will never be a reader."—*Robert Louis Stevenson.*

"INSPECT WHAT delights you in Plutarch, in Shakespeare, in Cervantes. Each truth that a writer acquires is a lantern which he turns full on what facts lay already in his mind, and behold all the mats and rubbish which had littered his garret become precious."—*Emerson.*

READING IS not to be regarded as a pastime alone; there should be purpose back of it. Some light books for pleasure are necessary, they furnish the variety that stimulates the mind, sharpen the imagination and keep the emotions alive, but we should also have a few serious books and study them—especially a few that pertain to our own business or profession — we should also have one or two good magazines that devote their pages largely to our occupation. If a boy or man has time to read only two pages of the metropolitan daily, he should devote himself to the editorial and the business or financial pages. It is inconceivable how few people ever notice either, but all need the knowledge and information to be found on both."—*George M. Reynolds.*

BUSINESS BOOKS AS GIFTS

ONE OF OUR COLLEAGUES in the business book field puts forth some ideas to which we heartily subscribe. They are as follows:

"What better gift can you make a man than something that will help him in his work? Good business books will do this, and, what is more, will continue to pay dividends year after year. This kind of a gift men appreciate.

"Every business man will find in this carefully selected list of business books some that he wants, either for reference use or for help in mastering a particular subject. Especially is this true of young business men, to whom is just coming a realization of the remarkably gratifying results that follow the quick application to practical situations of fresh knowledge gained from intensive study.

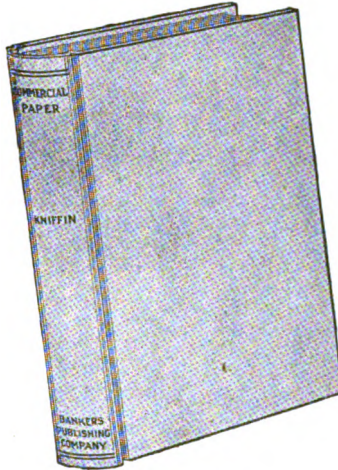
"But a business book, to produce these results, must be absolutely reliable. In fact, the question of where to get desired information is in itself an important business problem, calling for careful judgment. The knowledge must, first of all, be authoritative. It must be in such form as to be capable of quick, ready assimilation. No matter what information is wanted, it must be right to hand."



**Books On Approval**

In ordering books on approval always mention your banking connection or order on the letterhead of your bank.

**Bankers Publishing Co.**  
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**Commercial Paper, Acceptances, and the Analysis of Credit Statements**

By  
W. H. Kniffin, Jr.

**T**HIS book is by the author of "The Practical Work of a Bank," "The Savings Bank and Its Practical Work," "Essentials in Granting Credit," etc., a practical banker as well as a student of banking and lecturer on banking topics.

It is a thoroughly practical book, understandable alike by the banking student as well as the man higher up.

The book contains special chapters on such subjects as "The Advantages of Commercial Paper," "The Development of Single-Name Paper," "The Profitableness of Cash Payment," "Pivotal Points in a Credit Statement," "Comparative Statements," "Bank and Trade Acceptances," "The Operation of a Bank Acceptance," etc., etc.

Seventy pages of actual financial statements, some favorable, some unfavorable, with complete analysis printed on facing pages, explaining in detail why it is safe or unsafe to invest in the paper.

Illustrations of forms, including Trade Acceptances, Letters of Credit and Advice, Trust Receipts (various forms), Bailee Receipts, etc., etc.

Another Kniffin book, which means another volume of practical value to the Banker, Credit Manager, or Commercial Paper Dealer.

*162 pages, eleven illustrations, substantially bound in cloth  
Price, \$2.50, by mail postpaid. Copies sent on approval  
Use blank below.*

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Bankers Publishing Company, 253 Broadway, New York  
Please send for free examination Mr. Kniffin's "COMMERCIAL PAPER." After five days' examination I will either return it or remit the price, \$2.50.

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# BANKERS GUIDE BOOK

By W. R. MOREHOUSE

## The Book that Answers 1190 Questions

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